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MARKETING and TRANSPORTATION SITUATION



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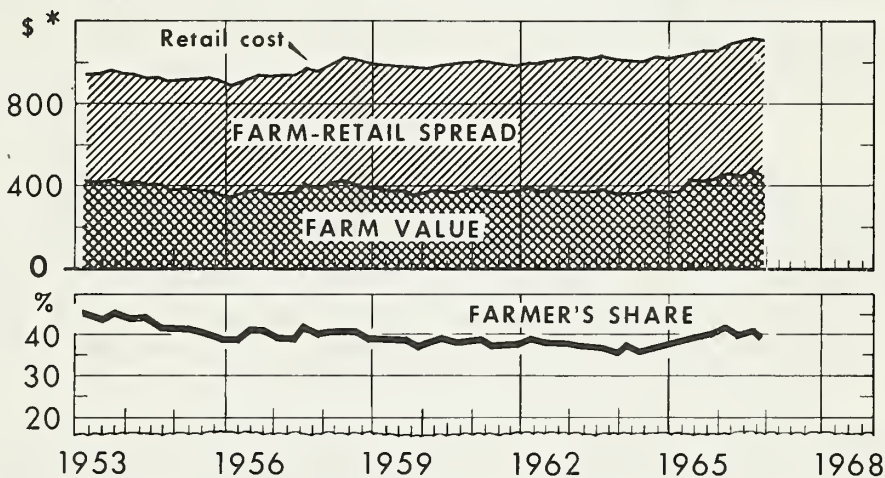
FEBRUARY 1967

Returns to farmers (the farm value) from the products in the market basket declined in the fourth quarter of 1966 after rising during much of 1965 and 1966. The farm value was at about the same level in the fourth quarter as a year earlier. The retail cost of these products declined considerably less than the farm value, so the farm-retail spread widened.

Farmers received 39 cents of the dollar consumers spent for these products in the fourth quarter, 1 cent less than the share in the fourth quarter last year and 2 cents less than in the third quarter of 1966.

For Market Basket of Farm Foods

SHARES OF RETAIL FOOD COSTS



* ANNUAL RATE. DATA FOR 1965 AND 1966 PRELIMINARY.
ANNUAL PURCHASES OF FARM FOODS PER HOUSEHOLD IN 1960-61 BY URBAN WAGE-EARNER
AND CLERICAL-WORKER FAMILIES AND SINGLE-WORKERS LIVING ALONE.

U. S. DEPARTMENT OF AGRICULTURE

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IN THIS ISSUE

- Marketing Cotton--From Farmer to Consumer

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1965		1966		
		Year	Oct.-Dec.	Apr.-June	July-Sept.	Oct.-Dec.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: <u>1/</u>						
Retail cost	Dol.	1,041	1,051	1,095	1,112	1,103
Farm value	Dol.	408	424	439	453	425
Farm-retail spread	Dol.	633	627	656	659	678
Farmer's share of retail cost	Pct.	39	40	40	41	39
Cotton: <u>2/</u>						
Retail cost	Dol.	2.17	2.19	2.21	2.21	2.24
Farm value	Dol.	.30	.29	.29	3/.24	3/.21
Farm-retail spread <u>4/</u>	Dol.	1.87	1.90	1.92	1.97	1.96
Farmer's share of retail cost	Pct.	14	13	13	11	9
Cigarettes: <u>5/</u>						
Retail cost	Ct.	32.4	---	---	---	---
Farm value	Ct.	4.26	---	---	---	---
Federal and State excise taxes	Ct.	14.1	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	14.0	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: <u>6/</u>						
Disposable personal income	Dol.	2,411	2,486	2,543	2,576	2,621
Expenditures for goods and services	Dol.	2,218	2,277	2,340	2,384	2,399
Expenditures for food	Dol.	439	453	464	466	467
Expenditures for food as percentage of disposable income	Pct.	18.2	18.2	18.2	18.1	17.8
		1965		1966		
		Year	Dec.	Oct.	Nov.	Dec.
<u>7/</u>						
Hourly earnings, production workers, manufacturing:	Dol.	2.61	2.66	2.75	2.76	2.77
Hourly earnings of food marketing employees <u>8/</u>	Dol.	2.30	2.32	2.41	2.43	---
Retail sales: <u>9/</u>						
Food stores	Mil. dol.	5,577	5,956	5,949	5,941	5,904
Apparel stores	Mil. dol.	1,313	1,340	1,466	1,445	1,370
Manufacturers' inventories: <u>9/</u>						
Food and kindred products	Mil. dol.	6,034	6,034	6,284	6,411	---
Textile mill products	Mil. dol.	3,130	3,130	3,356	3,289	---
Tobacco products	Mil. dol.	2,371	2,371	2,340	2,312	---
Indexes of industrial production: <u>10/</u>						
Food and beverage manufactures	1957-59=100	123.7	125.4	127.5	129.5	---
Textile mill products	1957-59=100	134.9	140.1	142.3	142.5	---
Apparel products	1957-59=100	145.1	148.5	148.3	---	---
Tobacco products	1957-59=100	120.3	117.1	116.9	---	---
Index of physical volume of farm marketings	1957-59=100	119	134	178	119	---
<u>Price indexes</u>						
Consumer price index	1957-59=100	109.9	111.0	114.5	114.6	114.7
Wholesale prices of food <u>11/</u>	1957-59=100	104.5	108.3	111.3	110.6	109.8
Wholesale prices of cotton products	1957-59=100	100.2	101.2	103.3	103.0	102.7
Wholesale prices of woolen products	1957-59=100	104.3	105.4	105.6	105.1	104.9
Prices received by farmers	1957-59=100	102	107	110	107	107
Prices paid by farmers, interest, taxes, and wage rates	1957-59=100	110	111	115	115	115

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960/61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Farm value does not include direct payment to farmers. 4/ The farm-retail spread does not include value of payments-in-kind certificates made to domestic users of eligible U.S. raw upland cotton. This value amounted to 6.5 cents per pound of raw cotton from April 1964 through July 1965 and 5.7 cents from August 1965 through July 1966. Beginning in August 1966, certificates were discontinued and support prices of raw cotton were reduced. 5/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1966. 6/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data. 7/ Dept. Labor. 8/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 9/ Seasonally adjusted, Dept. Commerce. Sales data for 1965 are averages of monthly totals (unadjusted). Inventory data for 1965 are book values at end of year (adjusted). 10/ Seasonally adjusted, Board of Governors of Federal Reserve System. 11/ Fresh and dried fruits and vegetables, eggs, and processed foods; Dept. Labor.

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Prices received by farmers for food products in the "market basket" rose throughout much of the last 2 years. However, in the fourth quarter last year farm prices dropped 6 percent from the previous quarter. Farm values (returns to farmers) declined for all product groups, except dairy products. Despite these declines, the farm value of the market basket in the fourth quarter averaged slightly higher than a year ago. Increasing supplies accounted for part of the decline in farm prices.

Many costs of marketing firms rose in 1966. Prices of containers, packaging materials, and many other goods and services (not including raw materials) increased. Hourly earnings of food marketing employees averaged about 4 percent higher than in 1965. Interest rates were up sharply. Although profits per dollar of sales of leading meatpacking companies continued to decline, profits for food processing companies as a group averaged about the same in the first 3 quarters of 1966 as in a like period of 1965. Profits of leading food chains in the first 3 quarters also were about the same as in 1965.

The retail cost of the market basket foods declined 1 percent in the fourth quarter after rising in each of the first three quarters last year. Declining prices for meat products, fruits, and vegetables more than offset increases in most of the other product groups. However, the fourth quarter average was 5 percent higher in 1966 than in 1965. Retail prices of almost all items in the market basket except pork and a few fruits and vegetables were higher than a year earlier.

Retail cost of the foods in the market basket is expected to remain close to the fourth quarter 1966 level during the first half of 1967. The farm value and spread likewise will continue near the fourth levels.

Highlights of Special Article

Marketing Cotton--From Farmer to Consumer, p. 12: As in the food marketing industries, a trend to fewer but larger establishments has developed in the cotton and cotton textiles industries. Increased use of mechanical cotton pickers in recent years has required ginneries to install drying and cleaning equipment to reduce the trash in ginned lint cotton. Many small gins for which installation of this equipment was not feasible have discontinued operations. Since the improvement in roads and transportation equipment, a large part of the cotton crop moves directly from gins to centrally located storage facilities. For that reason, many small, local warehouses have been closed.

Firms buying cotton from farmers also decreased in number, mainly because of increases in the volume of cotton sold directly to mills, put under Government loan, and handled by producers' cooperatives.

In the spinning, weaving, and finishing industries, the number of establishments and companies declined. This decline developed partly because of technological innovations and mergers. Integration of production was another factor. Most of the larger weaving establishments spin yarn and finish cloth. In contrast, the number of companies and establishments in the knitting industry increased. The numbers of establishments manufacturing men's and boys' and women's and children's apparel also have declined.

Further reductions are expected in the number of establishments marketing cotton and manufacturing textiles and apparel. Technological innovations will continue to stimulate investment in plants and equipment and improve productivity.

Employment probably will continue to decline in the textile mill products industries during the next few years, but will increase in the apparel industries where productivity gains will be slower.

FARM-FOOD MARKET BASKET STATISTICS 1/

Farm Value Declines Sharply in Fourth Quarter

The farm value of foods in the market basket averaged \$425 (annual rate) in the fourth quarter of 1966--6 percent lower than in the previous quarter (table 13, p. 36). Farm values were down for all product groups, except dairy products. Despite these decreases, the fourth quarter average was a shade higher than a year earlier. Lower prices than a year earlier for hogs and some processed fruits and vegetables about offset higher prices for other farm products in the market basket.

In 1964, the farm value of the market basket dropped to near its lowest level since World War II. It rose early in 1965 and continued to rise through the first

1/ The "market basket" contains the average quantities of domestic farm-originated food products purchased annually per household in 1960/61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods or fishery products and other foods of nonfarm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of gross revenues received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

quarter of 1966, partly because of reduced supplies of some major food products. It declined slightly in the second quarter last year, mainly because of lower prices for meat animals, poultry, and eggs. However, in the third quarter it returned to the first quarter level, principally because of higher prices for milk, eggs, wheat, and soybeans.

The farm value of foods in the market basket averaged \$442 in 1966--up 8 percent from 1965 (table 1). Farm values were higher for all product groups in 1966, except for fresh vegetables and processed fruits and vegetables (table 2). Most of the rise resulted from higher farm prices for meat animals, milk, and eggs. Despite significant increases for 2 consecutive years, the farm value in 1966 still averaged about 6 percent less than the 1951 high.

Marketing Spreads Widen During Most of 1966

The spread between the retail cost and farm value of the market basket of farm foods increased in each quarter of 1966, after having decreased in the second and fourth quarters of 1965. Marketing spreads for all major product groups increased from the fourth quarter 1965 to the fourth quarter 1966 (table 14, p. 37). However, meat products accounted for more than a third of the increase in the market basket spread. Much of the increase for this group came in the fourth quarter of 1966 when prices of hogs and beef cattle decreased. Changes in retail prices of meat often lag behind changes in prices of meat animals. In contrast, much of the decline in the market basket spread in 1965 resulted from the failure of retail prices of meat to rise as fast as prices of meat animals.

The farm-retail spreads for the market basket of farm-originated foods averaged 4 percent wider in 1966 than in 1965 (table 2). The marketing spread has increased each year since 1950, except 1965. The increase in 1966 more than offset the 1-percent decline in 1965, and was the largest annual increase so far in the 1960s. Despite the large increase last year, annual rises in the farm-retail spread have averaged smaller thus far in the 1960s than in the 1950s. The spread has increased by an average of 1 percent per year (compound rate) so far in the 1960s compared with 3 percent in the 1950s.

Operating costs of food marketing firms generally were higher last year. Hourly earnings of employees in food marketing firms averaged \$2.39 in 1966--about 4 percent more than in 1965. However, improvements in output per man-hour may have offset much of this increase. The volume of products marketed continued to grow. Thus, many firms may have realized economies in overhead costs from fuller utilization of capacity. Rail freight rates have declined in recent years and probably averaged slightly lower in 1966. Prices of containers, packaging materials, and other goods and services (not including raw materials) averaged slightly higher in 1966.

After-tax profits of food manufacturing corporations averaged 2.6 percent of sales in the first 3 quarters of 1966--the same as in a like period of 1965--according to a joint report of the Federal Trade Commission and the Securities and Exchange Commission. However, after-tax profits of 10 leading meatpacking companies averaged 0.5 percent of sales in 1966--down from 0.6 percent in 1965 and 1.0 percent in 1964. Profits after taxes of 14 leading retail food chains averaged 1.2 percent of sales in the first 3 quarters last year--the same as in the like period of 1965.

Retail Cost Down Slightly in Fourth Quarter

After rising during the first 3 quarters, the retail cost of the market basket foods weakened in the fourth quarter last year and averaged 1 percent lower than in the preceding quarter (table 13, p. 36). Declining prices for meat products, fruits, and vegetables more than offset increases in most of the other product groups. However,

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, averages 1947-49 and 1957-59, years 1956-66 1/

Year and month	Retail cost	Farm value 2/	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947-49 average ..	890	441	449	50
1956	920	369	551	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average ..	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964	1,014	374	640	37
1965	1,041	408	633	39
1966 3/	1,100	442	658	40
1965				
January	1,015	377	638	37
February	1,014	384	630	38
March	1,015	383	632	38
April	1,022	397	625	39
May	1,030	408	622	40
June	1,063	423	640	40
July	1,072	425	647	40
August	1,059	418	641	39
September	1,050	412	638	39
October	1,047	415	632	40
November	1,046	415	631	40
December	1,061	444	617	42
1966				
January	1,073	440	633	41
February	1,095	459	636	42
March	1,103	460	643	42
April	1,100	447	653	41
May	1,092	435	657	40
June	1,094	436	658	40
July	1,099	445	654	40
August	1,121	461	660	41
September	1,117	453	664	41
October	1,114	435	679	39
November	1,100	421	679	38
December 3/	1,097	419	678	38

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics. Monthly data are annual rates.

2/ Payments to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

3/ Preliminary.

Table 2.--The Market Basket of Farm Foods: Retail cost, farm value, and farm-retail spread, 12-month average, 1965 and 1966

Items	12-month average 1966	12-month average 1965	Change: 1966 from 1965	
			Actual	Percentage
	Dol.	Dol.	Dol.	Pct.
	Retail cost			
Market basket	1,100.37	1,041.21	59.16	6
Meat products	330.71	303.23	27.48	9
Poultry	49.76	47.09	2.67	6
Eggs	43.18	37.99	5.19	14
Dairy products	190.32	178.99	11.33	6
Bakery and cereal products	166.98	160.84	6.14	4
Fresh fruits	44.99	42.26	2.73	6
Fresh vegetables ..	68.93	70.59	-1.66	-2
Processed fruits and vegetables ...	118.96	116.49	2.47	2
Fats and oils	39.06	37.49	1.57	4
Miscellaneous products	47.48	46.24	1.24	3
	Farm value			
Market basket	442.47	408.40	34.07	8
Meat products	180.31	163.50	16.81	10
Poultry	25.63	25.08	.55	2
Eggs	28.30	23.24	5.06	22
Dairy products	89.58	79.82	9.76	12
Bakery and cereal products	36.58	33.05	3.53	11
Fresh fruits	14.05	12.94	1.11	9
Fresh vegetables ..	23.22	24.69	-1.47	-6
Processed fruits and vegetables ...	23.86	26.22	-2.36	-9
Fats and oils	12.12	11.46	.66	6
Miscellaneous products	8.82	8.40	.42	5
	Farm-retail spread			
Market basket	657.90	632.81	25.09	4
Meat products	150.40	139.73	10.67	8
Poultry	24.13	22.01	2.12	10
Eggs	14.88	14.75	.13	1
Dairy products	100.74	99.17	1.57	2
Bakery and cereal products	130.40	127.79	2.61	2
Fresh fruits	30.94	29.32	1.62	6
Fresh vegetables ..	45.71	45.90	-.19	1/
Processed fruits and vegetables ...	95.10	90.27	4.83	5
Fats and oils	26.94	26.03	.91	3
Miscellaneous products	38.66	37.84	.82	2

1/ Less than 0.5 percent.

the fourth quarter average was 5 percent higher in 1966 than in 1965. Retail prices of almost all items in the market basket except pork and a few fruits and vegetables were higher than a year earlier.

Retail cost of the market basket of farm foods averaged \$1,100 in 1966--6 percent higher than in 1965 (table 2). This was the largest percentage increase in the annual average since 1958. However, it was the largest increase in dollars since a rise of \$99 in 1951. Approximately three-fifths of the rise in 1966 resulted from higher farm prices and two-fifths from wider marketing spreads. The total farm value of the market foods averaged about the same in 1966 as in 1947-49. The retail cost, however, was 24 percent higher than in the earlier period as a result of increased marketing spreads.

Increased demand for food, reduced production of some important foods, and increases in marketing costs were responsible for rising food prices in 1966. Stronger demand was stimulated by rising per capita disposable incomes, growing population, larger purchases of food by the military, and increased exports. Per capita disposable income averaged \$2,567 in 1966--up 6 percent from 1965. Population rose about 1.2 percent.

Farmer's Share Up 1 Cent From Last Year

Since the farm value of the foods in the market basket increased more than the farm-retail spread, the farmer's share of the dollar consumers spent for these foods increased in 1966. The farmer's share averaged 40 cents--1 cent more than in 1965 (table 1). This is the largest annual share since 1958.

The farmer's share averaged 39 cents in the fourth quarter last year--2 cents less than in the previous quarter, and 1 cent less than a year earlier.

Outlook for 1967

The retail cost of the market basket of farm foods during the first half of this year probably will vary closely around its level in the quarter just ended. The farm-retail spread, which increased to a record size in the fourth quarter, is not expected to change appreciably during the first half of 1967. Likewise, the farm value of these foods is expected to continue near its fourth quarter level. At that level, it would be lower than a year earlier.

Operating costs of food marketing firms likely will average higher in 1967 than in 1966. Hourly earnings (including fringe benefits) of food marketing employees will continue to rise, and the rise is not likely to be entirely offset by increases in output per man-hour. Prices of most inputs bought by marketing firms are expected to be higher next year.

Farm Values of Beef, Pork, and Frying Chickens Decline More Than Retail Prices in Fourth Quarter

Prices farmers received for Choice beef cattle rose during much of 1965, but declined during much of 1966. The farm value of Choice beef cattle in the fourth quarter of 1966 averaged 4 percent lower than in the preceding quarter, but was 1 percent higher than a year earlier. Farm-retail spreads widened as the farm value declined, since the retail price of Choice beef did not decline as much as the farm value. In the fourth quarter, the spread was 4 percent wider than in the previous quarter and 2 percent wider than a year earlier. The retail price averaged 1 percent lower than in the preceding quarter, but 1 percent higher than in the fourth quarter 1965.

Commercial slaughter of beef cattle was larger than a year earlier throughout 1966, and the total volume was 6 percent larger than in 1965. Per capita consumption of beef increased to 103 pounds from 99 pounds in 1965.

After rising in each quarter of 1965 and in the first quarter of 1966, prices of hogs dropped in the second quarter, recovered about half this drop in the third quarter; then dropped again in the fourth quarter (table 3). As a result, the farm value of pork in the fourth quarter of 1966 was 18 percent lower than in the previous quarter and 19 percent lower than a year earlier. Retail prices of pork averaged 5 percent lower than in the third quarter--not enough to keep the spread from increasing 14 percent from the third quarter average. In the fourth quarter the retail price averaged 1 percent lower than in October-December 1965.

The sharp decrease in hog prices in the fourth quarter accompanied an increase in hog slaughter. The volume of commercial slaughter was 19 percent larger in the fourth quarter than a year earlier. This contrasted with the situation in the first quarter when the volume slaughtered was down 11 percent from a year earlier and hog prices were rising.

The farm value and retail price of frying chickens both declined sharply in the fourth quarter of 1966. The retail price, however, averaged about the same as in the fourth quarter 1965, but the farm value was down 11 percent and the farm-retail spread was 12 percent wider than a year earlier. The annual average retail price and farm value increased in 1966 for the second consecutive year, although the volume of chickens slaughtered increased substantially.

Farm and Retail Prices of Eggs Up Sharply

In the fourth quarter of last year consumers paid and farmers received higher prices for eggs than in any quarter since October-December 1960. The farm value of a dozen eggs averaged 42.4 cents in the fourth quarter--up 7 percent from the previous quarter and 8 percent from a year earlier. Consumers paid an average of 63.4 cents per dozen--6 percent more than in the previous quarter and a year earlier. Marketing spreads averaged 4 percent wider than in the previous quarter, and about 2 percent wider than a year earlier.

The farm value of a dozen eggs in 1966 averaged 22 percent more than in 1965. Consumers paid 14 percent more, and the farm-retail spread averaged 1 percent wider.

Production of eggs was significantly lower than a year earlier during part of 1966, although the total for the year was about the same as in 1965. Increased demand for eggs also strengthened egg prices.

Farm and Retail Prices of Milk Rise--Spread Increases Slightly

During the first half of the 1960s, the retail cost, farm value, and marketing spread for dairy products changed relatively little. However, partly as a result of a 3 percent decline in milk production in 1966, the farm value increased throughout the year and averaged 12 percent higher than in 1966 (table 2). The retail cost of the group rose about 6 percent, but the marketing spread widened less than 2 percent. The increase in the farm value amounted to 86 percent of the rise in the retail cost of the dairy products group.

In 1966, dairymen received a greater increase in the price of milk going into manufactured products than for milk going to the fluid market--16 percent, compared with 10 percent. Retail prices rose more for manufactured products than for fresh milk; however, spreads widened more for fresh milk than for manufactured products. Wider spreads for butter and cheese were almost offset by narrower spreads for ice cream and evaporated milk.

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1964-66, by quarters, 1965-66

Date	Retail price:	Wholesale:	Gross:	Byproduct:	Net:	Farm-retail spread			
	per pound	value	farm	allowance	farm	Total	Wholesale-	Farm-	Farmer's
	1/	2/	value	4/	value	5/	retail	wholesale	share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1964	77.8	53.8	46.6	4.2	42.4	35.4	24.0	11.4	54
1965	81.6	57.6	51.6	4.8	46.8	34.8	24.0	10.8	57
1966	84.6	58.9	55.6	6.0	49.6	35.0	25.7	9.3	59
1965									
Jan.-Mar.	78.6	53.7	47.5	4.2	43.3	35.3	24.9	10.4	55
Apr.-June	80.5	58.8	53.0	4.7	48.3	32.2	21.7	10.5	60
July-Sept.	84.2	60.3	53.9	5.4	48.5	35.7	23.9	11.8	58
Oct.-Dec.	82.9	57.8	52.1	5.2	46.9	36.0	25.1	10.9	57
1966									
Jan.-Mar.	84.6	60.6	57.4	6.0	51.4	33.2	24.0	9.2	61
Apr.-June	85.5	59.9	57.2	6.3	50.9	34.6	25.6	9.0	60
July-Sept.	84.4	58.2	55.2	6.1	49.1	35.3	26.2	9.1	58
Oct.-Dec.	83.9	56.8	52.6	5.4	47.2	36.7	27.1	9.6	56
Pork									
1964	56.4	40.0	30.7	4.0	26.7	29.7	16.4	13.3	47
1965	64.2	49.5	42.1	5.5	36.6	27.6	14.7	12.9	57
1966	73.6	55.0	47.5	6.4	41.1	32.5	18.6	13.9	56
1965									
Jan.-Mar.	56.8	41.3	32.9	4.5	28.4	28.4	15.5	12.9	50
Apr.-June	59.7	46.2	38.8	5.1	33.7	26.0	13.5	12.5	56
July-Sept.	69.7	54.2	46.6	5.8	40.8	28.9	15.5	13.4	59
Oct.-Dec.	70.7	56.2	50.1	6.4	43.7	27.0	14.5	12.5	62
1966									
Jan.-Mar.	78.1	59.6	53.3	7.0	46.3	31.8	18.5	13.3	59
Apr.-June	72.4	53.7	46.1	6.3	39.8	32.6	18.7	13.9	55
July-Sept.	73.6	55.6	49.4	6.4	43.0	30.6	18.0	12.6	58
Oct.-Dec.	70.2	51.2	40.9	5.5	35.4	34.8	19.0	15.8	50
Lamb, (Choice grade)									
1964	73.6	52.5	46.8	7.1	39.7	33.9	21.1	12.8	54
1965	79.5	58.4	53.4	7.9	45.4	34.1	21.1	13.0	57
1966	86.4	59.8	55.4	8.4	47.0	39.4	26.6	12.8	54
1965									
Jan.-Mar.	75.6	55.3	50.4	8.1	42.3	33.3	20.3	13.0	56
Apr.-June	79.2	61.0	55.1	8.2	46.9	32.3	18.2	14.1	59
July-Sept.	83.0	58.8	53.7	6.8	46.9	36.1	24.2	11.9	57
Oct.-Dec.	80.4	58.4	54.2	8.5	45.7	34.7	22.0	12.7	57
1966									
Jan.-Mar.	85.7	65.0	61.2	10.2	51.0	34.7	20.7	14.0	60
Apr.-June	86.9	60.5	55.8	9.2	46.6	40.3	26.4	13.9	54
July-Sept.	86.9	56.8	53.1	8.0	45.1	41.8	30.1	11.7	52
Oct.-Dec.	86.0	57.0	51.7	6.4	45.3	40.7	29.0	11.7	53

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

Marketing Spreads for Bread Increase More Than Returns to Farmers

Rising bread prices attracted much attention in 1966, particularly during the summer and early fall. The retail price for a 1-pound loaf of white bread averaged 22.9 cents in the fourth quarter--2.0 cents higher than a year earlier. The farm value of wheat and other farm ingredients averaged 3.7 cents, 0.3 cent less than in the previous quarter, but 0.3 cent more than a year earlier. Marketing spreads in the fourth quarter averaged 0.7 cent wider than in the preceding quarter and 1.7 cents wider than a year earlier. In 1966, the largest rise in the farm value came in June when the price of wheat rose sharply. The average retail price changed little after August.

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MARKETING COTTON--FROM FARMER TO CONSUMER 1/

Technology has changed significantly in recent years at all stages of the marketing system for cotton and cotton textile products. Associated with these developments have been changes in market structure and organization, and in efficiency of providing marketing services. In addition, the ever-changing character of consumer demand for textile products greatly influences the cotton and cotton-products industries.

The cotton industry is faced with rising costs, competition from foreign cottons for export outlets, the problem of maintaining and improving quality, the need to find and promote new uses and markets for cotton, and competition from manmade fibers, plastics, paper, and other raw materials.

Marketing Cotton Lint 2/

A half-million farms located in all southern States from Virginia to California market about 10 to 15 million bales of cotton annually. 3/ Over half of the crop is grown in the Southwest and the West, and only about 15 percent in the Southeastern States, where the textile mill industry is concentrated. Thus, a large proportion of the crop is transported long distances to domestic mills or to ports for export. Cotton is harvested and ginned in late summer and fall, but is processed by domestic and foreign mills on a year-round basis. Hence, storage is another major function of the cotton marketing system.

Physical Flow and Processing

Transportation of seed cotton: Cotton is hauled in trailers from the fields as it is harvested to nearby cotton gins (figure 1). In almost all areas of the Cotton Belt, producers do the hauling. In some areas, ginning firms provide trailers as a means of obtaining additional ginning volume. Trailers used today in major producing areas hold enough seed cotton to yield from 4 to 8 bales of ginned lint.

Ginning: At the gin, seed cotton is conditioned, cleaned, and the lint is separated from the seed and packaged into bales weighing roughly 500 pounds. Some gin owners also grow cotton, merchandise cotton, operate cottonseed oil mills, or have other related business interests. Both vertical and horizontal integration at various stages of the marketing system are increasing.

In 1964, about 5,000 gins in the United States processed approximately as large a volume of cotton as 25,000 processed 50 years ago. The steady decline in number of gins and the increase in volume handled per gin accompanied a sharp rise in the cost of constructing a modern gin plant. By the midsixties, capital outlays for a single new high-capacity gin plant approached \$500,000. The cost of gins has risen because of increased capacity, the need for drying and cleaning equipment since the widespread adoption of mechanized harvesting, and the rise in the general price level. Machine harvesting has greatly speeded up harvesting and delivering of cotton to gins. To keep pace, many ginners have added gin stands and other equipment, or installed new, higher-capacity machinery.

1/ Prepared by Edward H. Glade, Jr., agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ This section is based mainly on "Marketing Cotton and Cotton Textile," by Curtis Cable in Agricultural Markets in Change, Econ. Res. Ser., USDA, AER-95, also reprinted as ERS-317.

3/ Major cotton-growing States are commonly divided into the following four areas: West--Arizona, California, and New Mexico; Southwest--Oklahoma and Texas; Midsouth--Arkansas, Louisiana, Mississippi, Missouri, and Tennessee; Southeast--Alabama, Georgia, North Carolina, South Carolina, and Virginia.

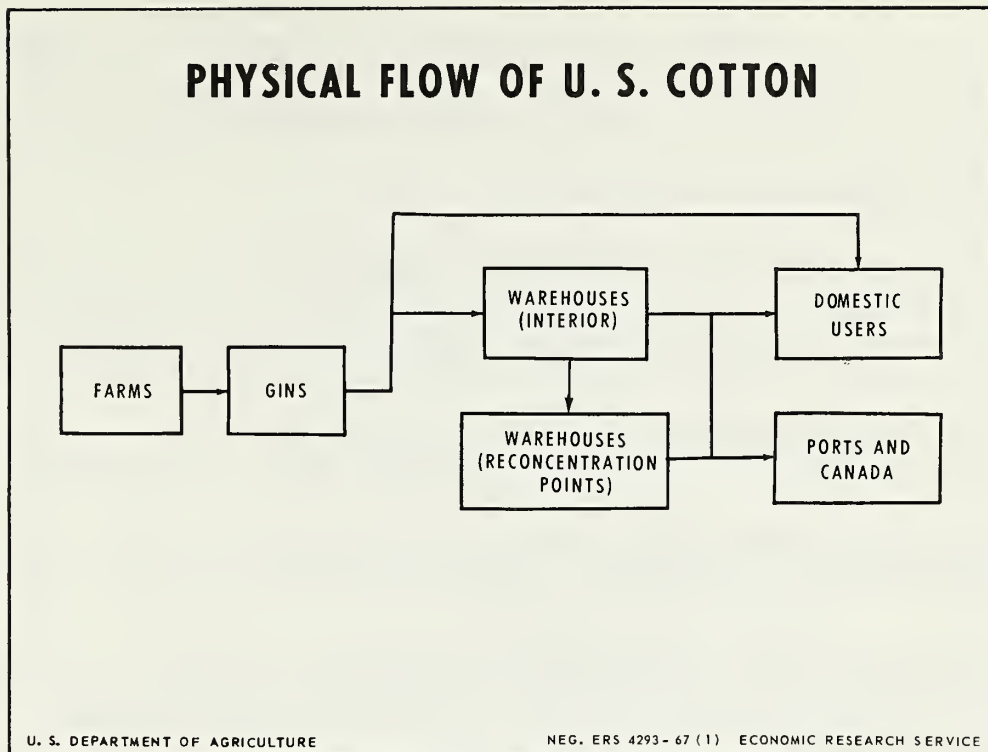


Figure 1

Charges for ginning cotton have almost quadrupled since the early thirties, closely following the year-to-year increases in ginning costs. ^{4/5/}

Warehousing and compressing: Compressing baled lint facilitates handling and storing of cotton. In the Southeastern States, much cotton moves direct from gins to local mills; in other areas of the Cotton Belt, the crop moves from gins through warehouses with compresses. At almost all gins the bales are pressed to a density of about 12 pounds per cubic foot. To decrease the space required for storage and transportation, most bales are further compressed. For domestic shipment, bales are compressed to standard density of about 23 pounds per cubic foot; for export shipments they are compressed to high density, about 33 pounds per cubic foot. A small percentage of the total crop is pressed to standard density at the gin, thus eliminating the extra handling and compression at warehouses. Most of the gins equipped with standard density presses are located in the West.

In addition to compressing and storing baled lint, the cotton warehouse firms perform other services necessary to merchandise the crop. Some of these services are weighing, reconditioning bales, issuing negotiable warehouse receipts, sampling, sorting, and assembling cotton in even-running lots for shipment at the direction of merchants, and loading rail cars and other carriers.

In the midsixties, there were about 1,200 cotton warehouses in the United States, with a total storage capacity of 27 million bales. Twenty-five percent of the capacity was in the Southeast, 34 percent in the Midsouth, 33 percent in the Southwest, and 8 percent in the West. Fourteen firms controlled half of the total warehouse storage capacity--operating 205 warehouses (17 percent of the total number).

^{4/} Economic Research Service and Consumer and Marketing Service. Charges for Ginning Cotton, Costs of Selected Services Incident to Marketing, and Related Information, Season 1965/66. U.S. Dept. Agr. ERS-2, July 1966.

^{5/} Frazier, S. J., and Fleming, M. L. (Compiled by). Statistics on Cotton and Related Data. U.S. Dept. Agr. Statis. Bul. 99, June 1951.

Since the late thirties, the number of warehouses has declined about 15 percent. Much of this decline occurred in the Southwest and the Midsouth where many small warehouses were available to farmers and local buyers for storing bales during and immediately after harvest. After central market firms purchased the cotton, they moved it from country points to larger facilities located at transportation centers. However, since the improvement in roads and the use of flat-bed semitrailer trucks, an increasing proportion of the Nation's crop moves directly from gins to centrally located storage facilities by passing assembly points.

Only about a fourth of the warehouses had compress facilities in the midsixties, but these had some two-thirds of the total U.S. storage capacity for cotton. Less than 1 percent of the warehouses in the Southeast had compresses. The approximate percentages in other areas were: Midsouth, 60 percent; Southwest, 55 percent; and West, 85 percent. The number in the West with compresses has almost tripled since the late thirties.

Charges for warehousing and related services in the United States have trended upward since the early forties, following a period of fairly stable charges during the thirties.

Transportation of baled lint: Ginners generally arranged for the transportation of baled lint from gins to warehouses. Costs of this service usually are included in ginning charges.

Much of the cotton crop moves to mills in the Southeastern States. ^{6/} About 90 percent of shipments to port destinations originate in the Southwest and the West. U.S. cotton is exported mainly from ports in Louisiana, Texas, and California.

Except in the Southeast, the volume of cotton hauled by rail greatly exceeds the volume transported by trucks. Approximately 78 to 80 percent of the cotton originating in the other three areas was moved by rail in 1961/62. ^{7/} After World War II, rail freight rates for cotton increased sharply to a peak in the midfifties. By the midsixties, they had declined to the lowest level since the early fifties.

Marketing Agencies and Practices

Local markets: The chain of ownership transfers begins when the producer sells his cotton or pledges it as collateral for a loan from the Commodity Credit Corporation (figure 2). ^{8/} In some parts of the Cotton Belt, ginners and local merchants are important buyers. In addition, several of the large textile mills have salaried or commission buyers in central and local markets. Some growers employ a broker to sell their cotton. Farmer cooperatives are increasing in importance in some areas, marketing producers' cotton directly to domestic and foreign mills, or securing a Government loan on it for their members.

Prices in almost all sales by producers and Government loan rates are based on the grade, staple length, and micronaire reading of each bale. The U.S. Department of Agriculture provides a quality classification service--at no charge to growers who qualify for the service as members of cotton improvement associations--through its Cotton Classing Offices throughout the Belt. Cotton is classed by grade, staple length, and mike reading on the basis of a sample taken from each bale, usually at the warehouse or gin. Beginning with the 1966 crop, the mike reading, along with a grade and staple,

^{6/} Potter, J. R., Jr., and Pritchard, D. L., The Traffic Pattern of Raw Cotton Shipped from Warehouses in the United States, 1961/62, U.S. Dept. Agr., ERS-184, May 1964.

^{7/} Potter, J. R., Jr., The Traffic Pattern of American Raw Cotton Shipments, Season 1961/62, U.S. Dept. Agr., Mktg. Res. Rpt. 704, April 1965.

^{8/} Pledging cotton as collateral on a Government loan is not, in a strict sense, transferring ownership. The producer has the option of repaying his loan and selling the cotton before the end of the marketing year, July 31, or leaving it in the loan and letting the Government take title to it on August 1.

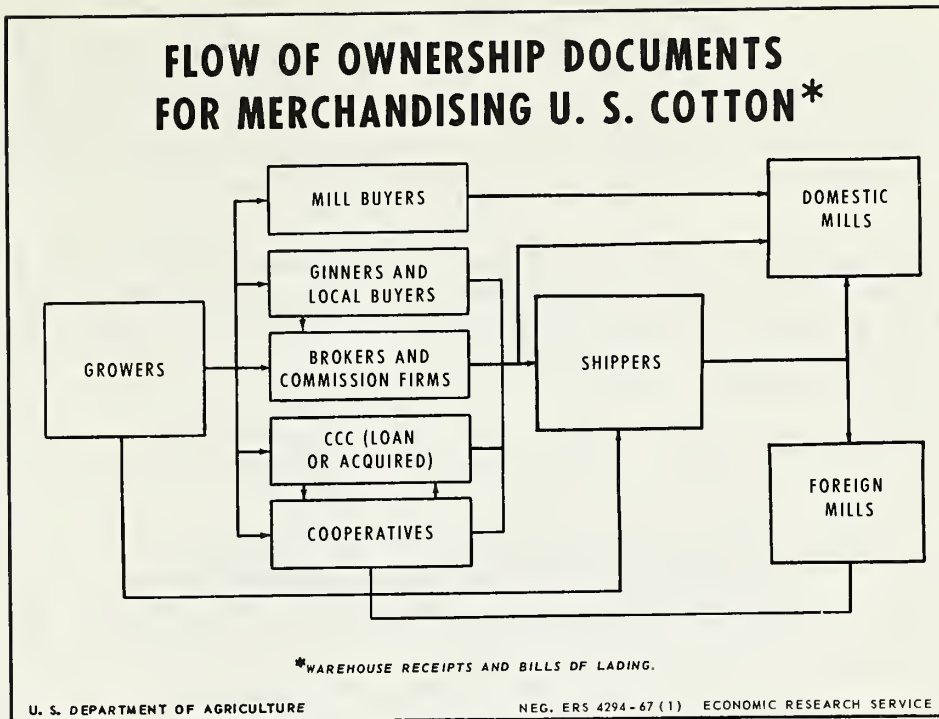


Figure 2

was provided by Cotton Classing Offices. The mike reading is a measure of fiber fineness and maturity in combination, an important quality attribute of spinning performance and end-use value. This reading has rapidly become an important element in pricing cotton.^{9/}

Central markets: Central market firms may be classified as shippers, merchants, mill buyers, commission buyers, and brokers, depending on functions performed and methods of operation. Some of these produce, gin, and store cotton and process cotton seed, but many engage only in buying and selling cotton. Since the early fifties many of them have adjusted to changing marketing conditions by diversifying their operations.

Central market firms operating as shippers link the farm producer and the mill consumer of raw cotton. These firms buy baled cotton in lots of mixed qualities as near the points of growth and as soon after it enters marketing channels as practicable. Bales are then concentrated and stored at locations that provide economical distribution. In selling, shippers generally arrange for, and pay the costs of, transportation. Most of the costs and risks associated with other marketing services--including assembly, sampling, quality classification, storage, price risks, and selling--are also assumed by shippers.

Brokers, merchants, and commission buyers function chiefly in aiding cotton shippers acquire or sell cotton. Brokers sell on commission for producers, local market buyers and other types of owners. Commission buyers purchase cotton mainly for shippers and mills, mostly from growers, ginners, and local buyers. Local merchants, who buy cotton in local markets or at gin points, resell in mixed lots within a short time to shippers or mill buying agencies in nearby central markets.

The need for services provided by shippers, brokers, local merchants, and commission buyers declined during the past decade; consequently, their number dropped

^{9/} Cooper, M. R., and Harris, W. F., Recent Developments in Testing and Pricing Cotton for Fineness and Strength. U.S. Dept. Agr., Mktg. Res. Rpt. 699, Jan. 1965.

considerably. Considerable quantities of cotton which once they would have handled, now move directly into Government loan or are purchased directly by mill buyers.

Cooperative marketing associations in many areas of the Cotton Belt act as shippers for their producer members. The rapid increase in volume handled by these organizations also no doubt contributed to the decline in the number of shippers, brokers, merchants, and other types of central market firms.

Total merchandising costs of U.S. cotton shippers averaged \$13.56 per bale in the midsixties, compared with \$12.70 in 1955/56. Transportation accounted for about a third of the total costs of marketing cotton to domestic mills and for about half the cost of marketing cotton to overseas outlets.

Recent Trends and Prospects

A significant change affecting the cotton marketing system is the practice of direct buying by textile mills. Some mills maintain their own buying offices in major central markets, and other purchase cotton through commission buyers. Recently, a few textile firms have integrated beyond central and local market levels by purchasing cotton directly from producers or producer agents. Although no data are available, market observers state that these direct purchases fluctuated widely during the late 1950s and early 1960s, and then rose sharply in the 1964 season and even more sharply during the 1965 and 1966 seasons. A major cause of this development has been the necessity for buyers to be increasingly selective in purchasing cotton to meet mill requirements. By buying directly from producers, mills can specify gin drying and cleaning practices to meet their particular needs and reportedly obtain better performing cotton than through traditional marketing channels.

The need for such specifications arose mainly from the rapid adoption of machines for harvesting cotton and the resulting increase in roughly harvested seed cotton. During the last decade, when the proportion of crops harvested mechanically increased from about one-fifth to four-fifths, mills had increasing difficulties with the spinnability of cotton.

Accompanying the increase in mechanical harvesting was an increase in the quantity of cotton classed in the lower grades. As a result, price differentials between lower and higher grades widened. Because of grower dissatisfaction with this development, ginning engineers developed drying and cleaning equipment to reduce the trash in ginned lint, thereby improving its grade. Grade improvement, as measured by the absence of foreign material in lint, could be achieved, but staple length and other fiber properties were adversely affected.

A recent technological development may provide a means for reducing the importance of foreign matter in lint. With the recently introduced crusher rolls in cotton textile manufacturing, it may be possible to de-emphasize trash removal at the producer-ginner level. Crusher rolls pulverized the trash in the card web and reportedly greatly reduce its adverse effects in subsequent steps of manufacturing. Thus, mills may be able profitably to use trashier bales of cotton which have been subjected to only a minimum of gin drying and cleaning, and retain their original length and other valuable spinning properties. This new development is a partial explanation of the rapid increase in mill-producer contracts for cotton ginned with a minimum of conditioning.

Manufacturing Cotton Textile Products

The Industrial Revolution began with the introduction of power-driven machinery in the manufacture of cotton textiles late in the eighteenth century. Today the manufacturing of textile products is one of the largest industries in this country in terms of both employment and value of output. For some years, technological progress lagged in this industry, but in recent years it has made great strides in modernizing plant and equipment and developing new products.

The industry converts raw cotton into the form demanded by ultimate consumers--a task that involves numerous manufacturing processes and changes in ownership. These processes include making yarn and cloth, finishing cloth, and making consumer items from the finished cloth. Firms performing these processes are generally known as textile mills, finishing plants, and cutters, respectively. Ownership of textile products generally moves in the following order: Mills, converters, cutters, wholesalers, retailers, and consumers (figure 3).

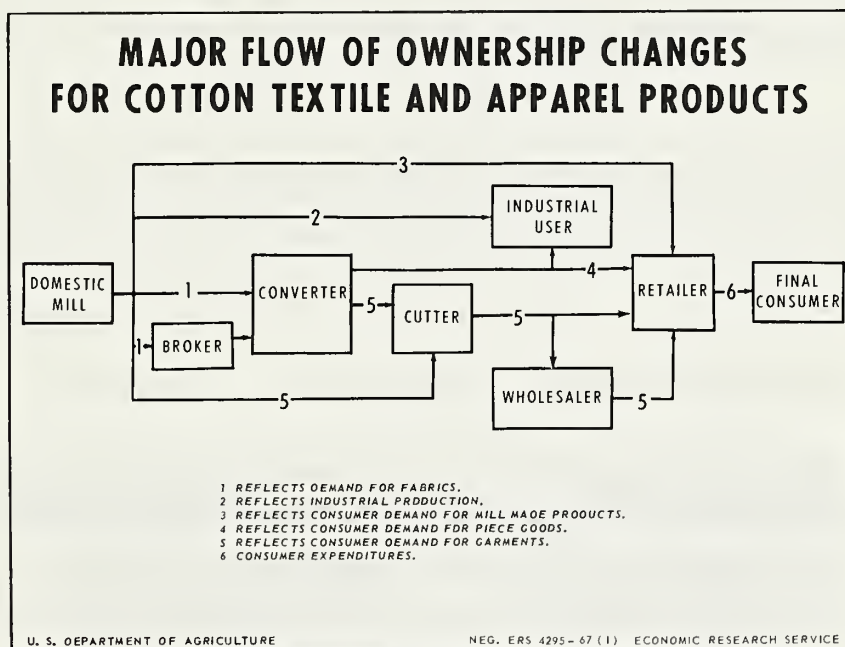


Figure 3

Textile Mills

Textile mills that spin yarn and weave or knit fabrics compose the largest part of the entire textile industry. ^{10/} Yarn (spinning) mills and cotton weaving mills are the initial processors of about 95 percent of all cotton utilized by American manufacturing industries (table 4).

^{10/} This section is concerned mostly with establishments in the following Standard Industrial Classifications: Broad Woven Fabric Mills, Cotton (SIC-2211), Yarn Mills, except Wool (SIC-2281), Knitting Mills (SIC-225), and Finishers of Broad Woven Fabrics of Cotton (SIC-2261). The Textile Mill Products group, for which data are reported in the Census of Manufactures, includes several other industries.

Table 4.--Utilization of raw cotton by manufacturing industries,
1958 and 1963

Industry	1958		1963	
	Bales ^{1/}	Percent	Bales ^{1/}	Percent
Yarn mills	1,835,431	22.6	1,899,157	22.5
Weaving mills (cotton) ...	5,911,290	72.7	6,149,437	72.9
Weaving mills (synthetic) :	119,807	1.5	193,939	2.3
Thread mills	92,315	1.1	74,695	.9
All others	172,913	2.1	118,358	1.4
Total	8,131,756	100.0	8,435,586	100.0

^{1/} 500 lb. gross weight.

Compiled from Census of Manufactures, 1963 and 1958.

On the average, about 15 percent of a 500-pound bale of cotton is waste and tare (bagging and ties), and 85 percent is made into yarn (figure 4). In 1958, the last year for which data are available, about 81 percent of the yarn was woven into cloth, 10 percent went to knitting mills, and the remainder into carpet and tufting yarns, threads, and other uses. ^{11/}

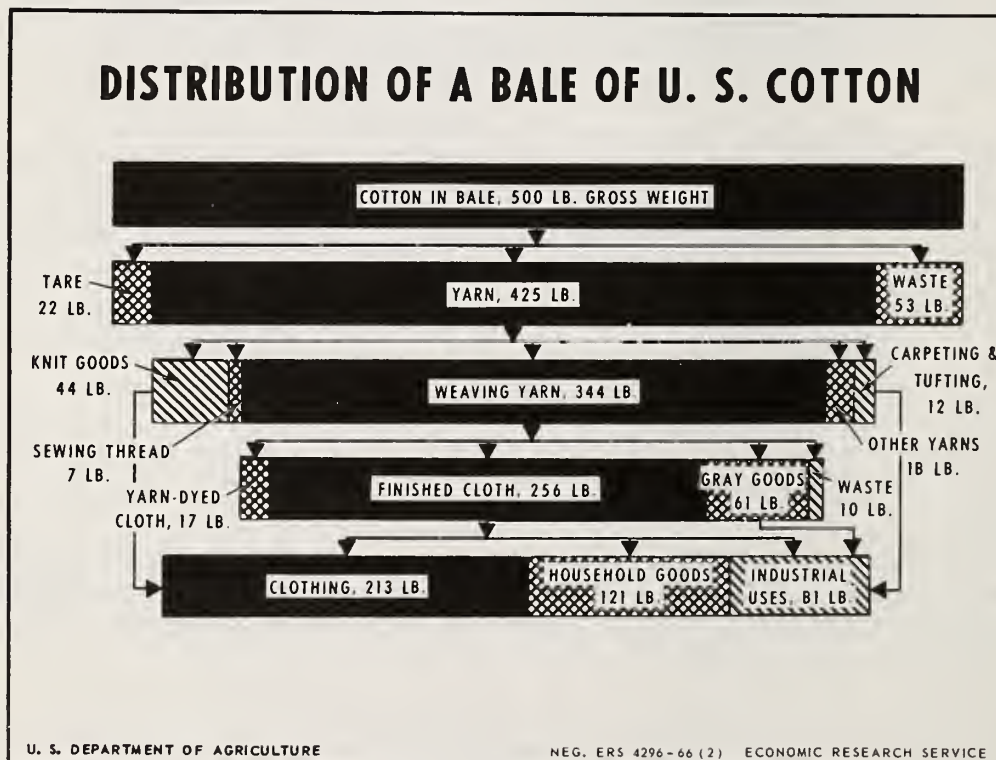


Figure 4

^{11/} Howell, L. D., The American Textile Industry--Competition, Structure, Facilities, Costs. U.S. Dept. Agr., Econ. Rpt. 58, Nov. 1964.

Since cotton is spun into yarn before it is woven into cloth or used to fabricate knit products, the number of spinning spindles in place and the number of hours operated are good indications of the size and activity of the cotton textile industry. Because of the integrated nature of the industry, spindles operate in other than yarn mills only. They are in weaving mills, thread mills, and other textile mills as well.

The number of spindles in place declined by about 7 percent from 1958 to 1966, but the number of active spindles declined only about 1 percent (table 5). Offsetting this decline was an increase in the average number of hours that each active spindle operated. As a result, total hours operated increased to 2.4 billion per week in 1966 from 2.1 billion in 1958. Moreover, the speed at which spindles operated increased. However, the percentage of active spindles operating on 100-percent cotton declined. By 1963 this percentage had dropped to 78 percent from 91 percent in 1958 as a result of increased use of man-made fibers.

Number of mills and companies: The number of yarn and weaving mills has declined in recent years (table 6). In 1963, there were 11 percent fewer yarn mills than in 1958 and 18 percent fewer mills weaving cotton broad-woven fabrics. In percentage terms, decreases were largest among mills having fewer than 100 employees, especially among those with fewer than 20 employees. The number of companies controlling yarn and weaving mills also declined. Because of mergers and acquisitions, rates of decline were greater for companies than for mills (table 6).

Technological change has been a major cause of the decrease in number of mills. In recent years, productivity of textile machinery has been improved so much that mills with older machinery are finding it difficult to compete successfully with newer mills. Further, installation of this machinery in some older mills has not been feasible. Also better designed floor layouts and materials handling equipment in newer plants have added to production efficiency.

Table 5.--Cotton system spindle activity, 1958-66

Period	Spindles		Hours operated per active spindle	Percentage of spindles active on	
	In place	Active		100 % cotton	Other fibers
	Thousands	Thousands	Hours	Percent	Percent
1958.....	20,845	19,241	5,755	91.0	9.0
1959.....	20,274	19,248	6,166	91.4	8.6
1960.....	19,956	19,222	6,453	91.2	8.8
1961.....	19,602	18,985	6,019	91.0	9.0
1962.....	19,491	18,764	6,527	89.4	10.6
1963.....	19,302	18,634	6,292	84.2	15.8
1964.....	19,322	18,757	6,530	82.6	17.4
1965.....	19,332	18,757	6,687	80.1	19.9
1966 <u>1</u> /...	19,456	19,065	6,447	77.8	22.2

1/ 11-month average.

Bureau of the Census.

Table 6.--Textile mill industries: Number of companies, establishments by geographic region, and selected employment data, 1954, 1958, 1958, and 1963

Geographic region and item	Yarn mills, except wool			Weaving mills, cotton			Knitting mills 1/		
	1954	2/		1954	1958	1963	1954	1958	1963
Companies	---	268	234	413	325	229	3/1,545	1,653	1,852
Establishments:									
New England	---	31	19	67	51	24	140	123	120
Middle Atlantic	---	34	17	107	87	50	1,766	1,572	1,590
South Atlantic 4/	---	246	235	319	274	267	730	752	789
North Carolina	---	188	180	102	74	70	529	570	641
South Carolina	---	18	21	126	120	117	27	29	31
Georgia	---	37	33	77	70	70	69	68	49
East South Central	---	32	34	46	42	36	160	137	102
Other	---	13	12	43	42	30	249	202	247
Total	---	356	317	582	496	407	3,045	2,786	2,848
Establishments with employment of:									
Less than 20	---	46	33	106	101	57	1,332	1,082	1,184
20-99	---	76	71	68	52	43	1,168	1,170	1,127
100 or more	---	234	213	408	343	307	545	534	537
Total employment	---	67,836	61,647	280,546	228,609	208,993	221,361	214,549	220,486
Employees per establishment	---	191	194	482	461	513	73	77	77

1/ Includes mills knitting underwear, underwear, fabric, hosiery, and products not elsewhere classified.

2/ Because of changes in industry classification, data for 1954 are not strictly comparable with those for later years.

3/ Excludes hosiery manufacturers, and knitting mills not elsewhere classified.

4/ Total includes mills in States other than the 3 shown below.

Compiled from Census of Manufactures, 1963, 1958, and 1954.

Some companies quit or merged because they lacked the financial resources to build new mills and couldn't compete successfully with companies having newer mills. When companies merged, production often was concentrated in the larger and more efficient plants.

In contrast to the spinning and weaving industries, in the knitting industry the number of companies has increased. Twelve percent more companies were in operation in 1963 than in 1958 and 20 percent more than in 1954. Also the number of knitting mills was slightly larger in 1963 than in 1958, although it was about 6 percent smaller than in 1954. Most of the increase from 1958 to 1963 was among mills having fewer than 20 employees. Output increased more for knitting mills than for yarn and weaving mills (table 7).

Increase in size of mills: In the spinning and weaving industries, an increase in average capacity per plant in recent years is indicated by the decrease in number of mills while total output of the primary products of these mills increased (table 7). Also, employment per mill increased although total employment decreased (table 6). Output could be maintained with fewer mills and fewer employees mainly because new mills generally were more productive than those that were closed. The number of machines required to produce a given output decreased along with the number of employees required to run them. For example, the number of looms in mills weaving cotton broadwoven cloth declined almost 10 percent from 1958 to 1963, and total employment in these mills decreased 9 percent although output of this product increased slightly (tables 6 and 7).

Shift in location: A major migration of the cotton textile industry from New England to the Southern States started in the twenties. Lower taxes, plentiful labor supplies, adequate water power in the South and closeness to raw materials were factors contributing to this shift. ^{12/} Today, over two-thirds of all spinning of yarn and weaving of fabrics are concentrated in the South.

Table 7.--Production of primary textile products, 1954, 1958, and 1963 ^{1/}

Product	Production (1954 = 100)		
	1954	1958	1963
Yarn Mills: ^{2/}			
Spun cotton and man-made fiber yarns	100	121	169
Weaving mills: ^{3/}			
Cotton broad woven fabrics ..	100	102	108
Knitting mills:			
Hosiery	100	115	140
Knit underwear and nightwear made by knitting mills	100	118	163
Knit fabrics	100	136	225

^{1/} Indexes of production of primary products of designated industries; production, however, includes that in establishments outside as well as in the industry. For example, production of yarn includes that in weaving mills.

^{2/} Yarn spinning mills, cotton, man-made fibers, and silk.

^{3/} Broadwoven fabric mills, cotton.

Compiled from Census of Manufacturers, 1963.

^{12/} Backman, Jules, and Gainsbrugh, M. R., Economics of the Cotton Textile Industry, National Industrial Conference Board, 1946.

Of the 317 yarn mills in 1963, 235 were located in the South Atlantic States and about 77 percent of these were located in North Carolina (table 6). The small geographic shift since 1958, like the long-term movement, has been from the Northeast to the South. Weaving mills experienced a more rapid shift in location from New England and the Middle Atlantic States to the Southern States, especially during 1958-63, when the proportion of the total number of weaving mills in the Southern area increased from about 55 percent to 66 percent.

Movement to the South has been much less marked for the knitting industry than for the cotton spinning and weaving industries. In 1963, 56 percent of all knitting mills were located in the Middle Atlantic States, about the same proportion as in 1958 and 1954. About 28 percent were in the South Atlantic States, compared with 27 percent in 1958 and 24 percent in 1954. Of those in the South Atlantic region in 1963, 81 percent were located in North Carolina.

Integration of production: Many textile firms have combined 2 or more stages in the manufacture and distribution of products under one management (vertical integration). These may include: (1) spinning and weaving, (2) weaving and finishing, (3) spinning, weaving, and finishing, (4) finishing and fabricating products, (5) fabricating and wholesaling, or (6) fabricating, wholesaling and retailing. Most of the largest companies in the textile industry fall into the group combining spinning, weaving, and finishing. Some of these large integrated companies produce some finished consumer items. A few companies combine all stages from spinning through retailing. Companies may have different mills for different functions or they may combine 2 or more functions in 1 mill. In 1963, more than 74 percent of the total production of spun cotton yarn was consumed in the same establishment in which it was produced. The remainder was sold mainly to small weaving mills without spinning equipment, to knitting mills, narrow fabric mills, thread mills, and other users. woven fabric mills bought 72 percent of the cotton purchased by all

Integrated broadwoven fabric mills bought 72 percent of the cotton purchased by all manufacturing industries in 1963, and produced yarn, as well as weaving broadwoven fabrics. Grey goods made up the major part of their production, but they also accounted for a large part of the finished fabric. They sold finished fabric to apparel and other manufacturers or used it in fabricating sheets, pillowcases, towels, and similar consumer items. In 1963, almost 51 percent of the total production of finished cotton broadwoven goods was produced in weaving mills, and about 43 percent of this was consumed in the same establishment. Partly because many mills are highly diversified, the cotton broadwoven fabric weaving mills accounted for 20 percent of the total value of shipments for the entire textile mill products industry. 13/

Similarly, some knitting mills manufacture the yarns they use in knitting. Some mills knit fabrics and also dye and finish them, and some manufacture outerwear, underwear, and nightwear from fabrics they have knitted in the same establishments. 14/

Companies have integrated production to insure an uninterrupted supply of suitable raw materials, and to come in closer contact with buyers further along in the marketing channel. This has made it feasible for some companies to develop and promote branded products. Further, integration usually means spreading some overhead costs over more units of production.

Converters and Finishing Plants

Converters are the major intermediary between producers of unfinished cloth (mills) and users of finished cloth (garment makers and industrial users). Their

13/ Census of Manufactures, 1963

14/ See publication cited in footnote 11.

prime function is to buy unfinished cloth from the most favorable mill source, move it through finishing plants, which bleach, dye, print or otherwise finish the cloth. Converters handle the bulk of the unfinished cloth. Thus, they hold a key position in textile marketing.

Most finishing plants do not take title to the cloth they process. Their major function is to finish cloth to order for converters. The particular method of finishing may vary somewhat for different products and plants and is necessarily influenced by the construction and physical characteristics of the textiles handled. Chemical finishings for water repellency, fire resistance, and mildew proofing also are included. All treatments or processing received by textiles to fit them for consumers' use, after their physical structure has been completed, are included in the general field of finishing.

Number, size, and location of plants: The number of plants finishing mainly cotton broadwoven fabrics has declined along with the number of companies operating them. From 1958 to 1963, both declined by about 50 percent (table 8). ^{15/} The decline was largest in percentage terms among smaller plants. Even though total employment decreased, the proportion of plants with more than 20 employees increased to 59 percent in 1963 from 39 percent in 1958. Average employment per plant also increased, rising from 110 employees in 1958 to 117 in 1963. In contrast to the declining number of plants and employees, total production of finished cotton textile products increased moderately.

About two-thirds of the finishing plants were located in the New England and Middle Atlantic States in 1963 (table 8). However, the percentage in the Middle Atlantic States decreased between 1958 and 1963 and percentages in the New England, South Atlantic and South Central States increased.

Converters and finishers tend to locate near the principal market outlets for finished textiles--namely manufacturers of apparel and house-furnishings. Garment manufacturers--known as cutters in the textile trade--are the largest purchasers of finished cloth from converters. However, some finished cloth in the form of piece goods moves directly from converters to retail outlets. Converters also sell sizable quantities of finished cloth to industrial users.

Integration of production: The finishing of textiles, to a great extent, is performed in establishments not classified as finishing plants. This is shown by census data. In 1963, approximately 40 percent of the total value of shipments of finished cotton textiles except knit goods from all industries was accounted for by establishments other than those classified as finishing plants. These establishments included yarn mills, weaving mills, and fabricators of apparel and related products. Weaving mills alone accounted for about 36 percent of the total value of shipments of finished cotton textiles in 1963. A large portion of finished textiles are produced and utilized in the same establishment. In 1963, over 37 percent of the total production of finished cotton broadwoven fabrics was consumed in the same establishments where it was produced. ^{16/}

^{15/} Establishments in which cloth is finished make up a segment of the textile mill products industry. However, the Bureau of the Census classifies establishments of converters in wholesale trade. Establishments that spin, weave, knit, or fabricate as well as finish are classified on the basis of the former operations rather than as finishing plants.

^{16/} Census of Manufactures, 1963.

Table 8.--Cotton finishing plants: Number of companies, establishments by geographic region, and selected employment data, 1958 and 1963

Geographic region and item	1958	1963	Percentage of total		Change: 1963 from 1958
			1958	1963	
	Number	Number	Percent	Percent	Percent
Companies	426	220	---	---	-48.4
Establishments:					
New England	80	49	17.9	20.6	---
Middle Atlantic	247	104	55.4	43.7	---
South Atlantic	59	46	13.2	19.3	---
North Central	25	16	5.6	6.7	---
South Central	13	12	2.9	5.1	---
Mountain	2	2	.5	.8	---
Pacific	20	9	4.5	3.8	---
Total	446	238	100.0	100.0	-46.6
Total employment	49,212	42,055	---	---	-14.5
Employees per establishment	110	177	---	---	60.9
	Percent	Percent			
Proportion of establishments with 20 or more employees	39	59			

Compiled from Census of Manufactures, 1963.

The Apparel Industry 17/

Firms in the apparel industry are frequently called cutters. These firms buy finished fabrics from converters, finishers, or textile mills. They manufacture apparel items such as coats, trousers, dresses, shirts, and hats, and sell the finished products. Firms that buy fabrics and manufacture apparel are known as "manufacturers." Firms known as "jobbers" mainly buy raw materials, arrange for their manufacture in plants operated by others (contractors), and sell the finished products. Some jobbers do the cutting of the materials in their own establishments. "Contractor" firms process materials owned by others.

17/ This section is concerned mainly with establishments in the following Standard Industrial Classifications: Men's and Boys' Suits and Coats (SIC-2311), Men's and Boys' Furnishings (SIC-232), Women's and Misses' Outerwear (SIC-233), Women's Undergarments (SIC-234), Headwear (SIC-235), Children's Outerwear (SIC-236). Data for these have been combined to form two larger groups: Men's and Boys' Apparel and Women's and Children's Apparel. The Apparel and Related Products Group for which data are reported in the Census of Manufactures includes three other Standard Industrial Classifications: Fur Goods (SIC-2371), Miscellaneous Apparel (SIC-238), and Fabricated Textiles, nec. (SIC-239).

Number of establishments and companies: The apparel industry is composed, for the most part, of many small firms with little capital, producing numerous styles, sizes, and types of clothing, usually in small lots. Of the 17,978 establishments in the men's and boys' apparel and women's and children's apparel industries in 1963, 41 percent had fewer than 20 employees, and 85 percent had fewer than 100 employees (table 9).

The number of establishments declined 9 percent in the men's and boys' apparel industry from 1958 to 1963 and 5 percent in the women's and children's apparel industry (table 9). Accompanying decreases in numbers of companies in these industries were 12 percent and 6 percent, respectively. Reductions in establishment numbers occurred among those having fewer than 100 employees. Most of the apparel manufacturing firms operate only a single establishment. However, multiunit firms have increased in number.

Size of establishments: Physical output per establishment in the apparel manufacturing industries apparently has increased in recent years. According to the Federal Reserve Board index, production of apparel products increased about 32 percent from 1958 to 1963, when the number of plants was decreasing. Also the average number of employees per establishment increased 19 percent for establishments manufacturing men's and boys' apparel and 15 percent for those producing women's and children's apparel. Establishments with 100 or more employees increased in number from 1958 to 1963. Total employment in apparel manufacturing establishments increased, in contrast to trends in most of the textile mill products industries.

Location of establishments: The apparel industries are more widely dispersed geographically than the textile mill industries.

In the men's and boys' apparel industry, 47 percent of the establishments were located in the Middle Atlantic States in 1963, compared with 51 percent in 1958 (table 9). The number of plants located in the Southern States increased between 1958 and 1963. The number in each of the other regions declined.

In the women's and children's apparel industries, the number of plants increased in the Southern and Pacific States. The number in each of the other regions declined. The Middle Atlantic States had 69 percent of the total in 1963 compared with 71 percent in 1958.

Integration of production: Vertical integration by apparel manufacturers usually takes the form of a forward combination with distributors of fabricated products. Most manufacturers sell fabricated products directly to retailers as well as to wholesalers; others sell only to wholesalers and jobbers. An increasing volume of apparel products is being distributed through manufacturers' sales branches and offices directly to retailers.

Increasing quantities of apparel and related products are being produced in textile mills. This is particularly true of men's and boys' knit underwear. In 1963, knitting mills produced 62 percent of the total value of shipments of men's and boys' underwear; 31 percent was produced from purchased knit fabrics by industries classified as manufacturers of men's and boys' underwear, and the remainder was produced by other apparel manufacturers. 18/

Table 9.--Manufacturers of apparel: Number of companies, establishments by geographic region, and selected employment data, 1958 and 1963

Geographic region and item	Men's and boys' apparel <u>1/</u>		Women's and children's apparel <u>2/</u>		Total	
	1958	1963	1958	1963	1958	1963
Companies	4,076	3,595	14,134	13,339	18,210	16,934
Establishments:						
New England	294	259	928	844	1,222	1,103
Middle Atlantic	2,270	1,906	10,364	9,514	12,634	11,420
South Atlantic	523	555	608	781	1,131	1,336
North Central	552	480	920	783	1,472	1,263
South Central	470	525	423	483	893	1,008
Pacific	346	338	1,269	1,419	1,615	1,757
Other	30	32	61	59	91	91
Total	4,485	4,095	14,573	13,883	19,058	17,978
Establishments with employment of:						
Less than 20	1,845	1,573	6,510	5,883	8,355	7,456
20-99	1,508	1,281	6,897	6,589	8,405	7,870
100 or more	1,132	1,241	1,166	1,411	2,298	2,652
Total employment	393,728	428,583	588,175	632,008	981,903	1,060,591
Employees per establishment	88	105	40	46	52	59

1/ Includes manufacturers of men's and boys' suits, coats, dress shirts, nightwear, underwear, neckwear, trousers, work clothing, and clothing not elsewhere classified.

2/ Includes manufacturers of women's, misses', and children's outerwear, underwear, dresses, blouses, coats and suits, headwear, women's corsets and allied garments, and outerwear not elsewhere classified.

Compiled from Census of Manufactures, 1963 and 1958.

Concentration in the Textile and Apparel Industries

The atomistic nature of the yarn manufacturing industry is shown by the fact that in 1963 the 4 largest yarn mill companies accounted for only 17 percent of the total value of shipments by all companies in the industry (table 10). In the weaving mill industry, the 4 largest companies were responsible for almost a third of the total value of shipments by all companies in the industry and the 20 largest for two-thirds of the total. Concentration in the weaving industry has increased considerably since 1954.

Similar data show a wide variation in concentration among individual industries manufacturing knit-goods. The share of the total value of shipments made by the 4 largest companies ranged from 34 percent for miscellaneous knit-goods manufacturing to 11 percent for knit outerwear manufacturing.

For industries finishing cotton textiles, except knit-goods, the 4 largest companies--or less than 2 percent of the total--accounted for 45 percent of the total value of shipments in 1963 (table 10). The 50 largest companies controlled most of the total industry activity. They accounted for 92 percent of the total value of shipments, employed 87 percent of the workers, and accounted for 88 percent of the value added by manufacture. Data for years before 1963 are not available. It is likely that there has been a trend towards greater industry concentration, as the number of companies decreased 48 percent from 1958 to 1963, although the value of shipments went up 27 percent.

Apparel companies range from small, family firms to large corporations controlling many establishments. Some produce only a few standard items; others produce a complete line of merchandise. The degree of concentration among the various apparel industries varies widely, depending on the type of product produced and the number of companies in the industry. In the industry manufacturing women's dresses--the apparel industry with the largest number of companies--the 20 largest companies accounted for 14 percent of the total value of shipments in 1963 (table 10). At the other extreme, the 20 largest companies accounted for 86 percent of the total value of shipments by the men's and boys' underwear industry--the industry with the smallest number of companies.

Expenditures for Plants and Equipment

Annual expenditures for new plant and equipment by firms in the Textile Mill Products Industry Group (includes all industries engaged in textile manufacturing, but excludes apparel industries) have increased each year since 1958 except in 1961. Increases have been particularly sharp since 1964. Textile mill firms have estimated their 1966 expenditures at \$1.2 billion, over 4 times that in 1958. ^{19/} After large expenditures for plants and equipment following World War II, textile mill companies reduced such outlays rapidly; in 1958 they totaled only \$288 million.

Data on 1958 and 1963 expenditures for plant and equipment by individual industries are available from the Census of Manufactures (table 11).

In the Textile Mill Products Group, increases in expenditures for new plant and equipment by companies in the yarn mill and weaving mill industries far outpaced those by knitting mill and finishing companies. For the first 2 of these industries, expenditures for structures and additions increased by considerably larger percentages than those for machinery and equipment. However, in all industries dollar expenditures were much larger for machinery and equipment. The marked improvement in spinning and weaving mill structures accounted for the more rapid increase in expenditures for all structures.

^{19/} Data from Securities and Exchange Commission and Department of Commerce.

Table 10.--Textile and apparel manufacturing industries: Number of companies, value of shipments and share of total shipments accounted for by largest companies, 1963, 1958, and 1954

Industry and year	Companies	Value of shipments	Concentration ratio: Percentage of value of shipments accounted for by--			
			: 4 largest : 8 largest : 20 largest : 50 largest			
			: companies	: companies	: companies	: companies
	Number	1,000 dollars	Percent	Percent	Percent	Percent
Yarn mills, except wool:						
1963 1/	234	1,067,043	17	27	46	68
Weaving mills, cotton:						
1963	229	3,104,053	30	46	67	87
1958	321	2,719,432	25	40	59	79
1954	413	2,789,621	18	29	49	---
Finishing plants, cotton:						
1963 1/	2/220	869,746	45	59	77	92
Men's and boy's underwear:						
1963	65	134,949	42	59	86	99
1958	79	100,238	30	46	79	88
Men's and boy's suits and coats:						
1963	1,031	1,526,019	14	23	38	56
1958	1,275	1,260,920	11	19	32	49
Women's blouses:						
1963	1,130	610,185	11	15	27	44
1958	1,222	414,649	10	14	24	39
Women's dresses:						
1963 1/	4,577	2,410,972	6	9	14	23

1/ Data for years before 1963 not available because of changes in industry definitions.

Compiled from U.S. Bureau of the Census, 1966, Concentration Ratios in Manufacturing Industries, 1963.

Table 11.--Expenditures for new plant and equipment by selected textile and apparel industries, 1958 and 1963

Industry and item	Expenditures in--		Change: 1963 from 1958
	1958	1963	
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>Percent</u>
<u>Textile mills</u>			
Yarn mills, except wool:			
Structures and additions	1,715	4,454	159.7
Machinery and equipment	13,792	30,252	119.3
Total	15,507	34,706	123.8
Weaving mills, cotton:			
Structures and additions	6,775	22,230	228.1
Machinery and equipment	41,666	91,136	118.7
Total	48,441	113,366	134.0
Knitting mills (all industries):			
Structures and additions	7,282	10,794	48.2
Machinery and equipment	36,336	52,374	44.1
Total	43,618	63,168	44.8
<u>Finishing plants</u>			
Structures and additions	2,884	4,075	41.3
Machinery and equipment	12,778	25,198	97.2
Total	15,662	29,273	86.9
<u>Apparel manufacturers</u>			
Men's and boys' apparel <u>1</u> /:			
Structures and additions	6,054	7,327	21.0
Machinery and equipment	15,812	24,834	57.1
Total	21,866	32,161	47.1
Women's and children's apparel <u>2</u> /:			
Structures and additions	10,236	13,733	34.2
Machinery and equipment	27,624	42,493	53.8
Total	37,860	56,226	48.5

1/ See table 9, footnote 1.

2/ See table 9, footnote 2.

Compiled from Census of Manufactures, 1963 and 1958.

Expenditures for plant and equipment by companies manufacturing men's and boys' and women's and children's apparel increased less than those by textile mill products companies. However, increases made by the apparel manufacturing companies were substantial. A principal reason for the lag in their expenditures was that technological developments have been slower in the apparel industries.

Several developments contributed to the rise in expenditures for plant and equipment. Outstanding among these were the marked improvements in plant and equipment in the textile industries. Companies built new plants and installed modern equipment to offset the effect of rising wage rates on their costs and to help them compete more effectively with foreign producers. Further, manufacture of some new products required new equipment. Enlarged financial resources as a result of mergers, improvements in profits, and increased depreciation allowances enabled companies to increase expenditures. Another factor was the increased consumer demand for apparel and textile products.

Major factors stimulating capital expenditures were (1) shortening by the Treasury of the service lives that could be used in calculating depreciation allowances for machinery and equipment for Federal income tax purposes, effective July, 1962, and (2) enactment of legislation in 1962 granting 7 percent tax credit allowances on outlays for new equipment. However, the Congress recently set aside this 7 percent tax credit through 1967 (with certain exceptions) to help ease inflationary pressures on the economy. Accelerated depreciation of buildings, allowed by the Revenue Act of 1954, was also suspended (also with certain exceptions). These expenditures are expected to decline moderately partly as a result of this legislation.

Profits in the Textile and Apparel Industries

Profits of corporations in the textile and apparel industries characteristically have been considerably lower than the average for all manufacturing corporations. However, in recent years profits in these industries have risen more rapidly than the average. According to the joint reports of the Federal Trade Commission and the Securities and Exchange Commission, after-tax profits of corporations in the textile mill products industry during the 10 years, 1956-65, fluctuated between a low of 1.6 percent of sales in 1958 and a high of 3.8 in 1965. In the apparel industry the low for the same period was 1.0 percent in 1958 and the high was 2.3 percent in 1965. As a percentage of stockholders' equity, profits after taxes varied from 3.5 percent in 1958 to 10.9 percent in 1965 in the textile-mill products industry, and from 5.0 percent in 1958 to 12.8 percent in 1965 in the apparel industry. In the first 3 quarters of 1966, profits in the textile industry were about the same as a year earlier; those in the apparel industry were up slightly.

Recent Trends and Prospects 20/

In the past, the textile industry has been slow to accept change. Recently, however, it has made many innovations. Perhaps one of the most significant changes was that the industry has now become a market-oriented, multifibered industry, attuned to the demands of a critical consuming public.

One of the most dramatic changes taking place in textile manufacturing is the modernization program. Plant and equipment expenditures have reached new highs (p.27). Expectations are that in the next 5 years annual investments in new plant and equipment generally will continue at high levels.

^{20/} Much of this section is condensed from U.S. Dept. of Labor, Bureau of Labor Statistics, Bul. No. 1474, Technological Trends in Major American Industries, Feb. 1966.

In addition to operating at faster speeds, some new machines being installed in textile mills integrate a number of separate operations into one large machine. This new equipment is a major factor in reducing unit labor requirements. New carding machines operate at more than 4 times the speed 10 years ago, drawing machines at 6 times the speed. Spindle speeds were 10,000 r.p.m. in 1950; today they are 13,500 r.p.m.; spindle speeds of 20,000 r.p.m. are now possible. Winding speeds are at least double those of 10 to 15 years ago. Conventional loom speeds increased 25 to 50 percent in the past 15 years, and shuttleless looms may soon double the speed of weaving. Multiple feeds have significantly increased machine output of hosiery and other knitting equipment. Carpets are now produced by high-speed tufting machinery, rather than by slower weaving process.

Apparel manufacturing will probably remain one of the least mechanized of the manufacturing industries. Most manufacturing operations involve the manual movement of a stack of garment parts through a series of individual operations that are performed mainly on manually operated machines. However, technological change is likely to be more rapid among large-scale firms producing standardized types of clothing, such as shirts, pajamas, underwear, work clothing, and similar staple goods. These firms are among the most mechanized in the industry and are expected to continue to adopt improved equipment to raise their productivity. One of the most significant recent developments--a unit for making complete shirt fronts--moves parts automatically between a number of different machines which combine positioning, thread cutting, assembling, and sewing operations. Another laborsaving machine that has been introduced recently is a unit for making complete dungaree pockets; it utilizes air jets to move precut parts through the machine and folds, lines, sews, and stacks the pockets automatically. Similar automatic equipment has been developed for making shirt cuffs and collar bands. Use of conveyors in warehouses is expected to increase. A number of large multiplant firms have set up centralized garment distribution centers, utilizing conveyORIZED warehouses, to increase efficiency in distributing plant output.

Employment in the textile mill products industry probably will continue to decline over the next 5 years, but at a moderate rate. Major factors responsible for this trend include declining exports, expanding imports, and changing technology. Continued increase in demand for textile products over the next 5 years may offset, to some extent, the effects of these factors. Employment in the apparel industry will probably continue to increase, since expanding demand for apparel is expected to outweigh productivity gains resulting from anticipated gradual changes in technology.

Research on cotton, will be expanded to strengthen its competitive position relative to synthetics. Recent legislation reducing cotton support prices to world market levels also is expected to strengthen cotton's competitive position.

Textile workers have benefitted in this era of expansion. Average hourly earnings amounted to \$2.00 per hour in November 1966. This compares with \$1.79 in 1964, \$1.68 in 1962, and \$1.12 in 1947-49. In the South today, the textile industry is competing for available labor with new industries, and there is actually a shortage of labor at current wage rates in the textile industry. In addition to higher wages, such "creature comforts" as air conditioning and well-lighted work areas with attractive colors are being used to attract and hold labor.

The consumer has benefitted from these developments in the textile field. The November 1966 Consumer Price Index for all items (food, housing, transportation, health, apparel, etc.) was 14.6 percent above the 1957-59 base while the index for apparel and upkeep increased 12.0 percent during the same period.

Wholesale textile prices also have lagged since the base period. The BLS index of wholesale prices of all industrial commodities stood at 105.4 (1957-59=100) in November, while the textile products and apparel price index was 102.1.

Distributing Finished Consumer Products

Textile products are distributed to consumers through several combinations of agencies. The traditional channel of distribution, especially in earlier years, was from manufacturers to wholesalers to retailers to consumers. However, in recent years the manufacture and distribution of textile products have been integrated to a considerably extent. A large portion of finished products go directly from manufacturers to retailers; in addition, a few large manufacturers producing finished consumer items distribute their products directly through their own retail stores.

Wholesaling Textile and Apparel Products 21/

Textile and apparel products are wholesaled through merchant wholesalers, manufacturers' sales branches and offices, and merchandise agents and brokers. Merchant wholesalers take title to the merchandise, buying from manufacturers and reselling principally to retail stores. Manufacturers' sales branches and offices usually are separate establishments maintained by manufacturers primarily for selling their own products. Merchandise agents and brokers buy and sell for others rather than for their own account.

The number of establishments operated by wholesale distributors of dry goods and apparel declined moderately between 1958 and 1963. Much of the decline was in establishments operated by merchandise agents and brokers. Many buyers and sellers now are bypassing these establishments. The number of manufacturers' sales branches and offices increased, as the larger textile and apparel manufactures integrated their operations to include the wholesaling function.

Almost 80 percent of total sales made by wholesalers of apparel and accessory items in 1963 were to retailers, about 13 percent to other wholesalers, and the remainder was sold to industrial, commercial and other users, to consumers, and for export.

About half of the sales of dry goods, piece goods, and notions made by wholesale establishments in 1963 were to industrial, commercial, and other users. Included were sales of yarn, grey goods, finished fabrics, and other textile materials to textile mills, and apparel manufacturers. About three-fourths of the volume sold by manufacturers' sales branches and offices and more than two-fifths of the agents' and brokers' volume went to industrial, commercial, and other users. Sales to other wholesalers accounted for 31 percent of total sales by wholesale establishments and sales to retailers for about 15 percent. The remainder was sold to consumers and for export.

Retail Outlets

Products of the textile and apparel manufacturing industries are distributed to American consumers mainly through more than 150,000 department stores, clothing specialty stores, and other general merchandise and apparel and accessory stores. Mail-order houses serve as another important market outlet for apparel products. Many small, independent general merchandise stores that sold clothing discontinued business between 1958 and 1963.

Most retail stores selling housefurnishings, apparel and related items are operated as single-unit establishments. However, there is a growing trend toward the multiunit operations. In 1963, about a third of the apparel and accessory stores and general merchandise stores were operated by multiunit firms compared with a fourth in 1948.

^{21/} The source of data for this section and the following section on retail outlets is 1963 Census of Business.

Recent Trends and Prospects

Distribution of finished textile products from manufacturers directly to retail outlets is expected to become more prevalent. As textile and apparel manufacturing firms become larger, more will likely perform in their sales branches and offices the wholesaling functions traditionally performed by merchant wholesalers and merchandise agents and brokers.

Although decreasing in number, the small single-unit retail stores--owned by individual proprietors or partnerships--still account for the largest number of retail outlets. However, their share of total sales and employment is expected to continue to decline.

SELECTED NEW PUBLICATIONS

1. "Consumption and Expenditure Analysis for Bakery and Cereal Products in Atlanta, Georgia," by Robert Raunika, J. C. Purcell, and J. C. Elrod, Ga. Agr. Expt. Sta., Tech. Bull. N. S. 54, Sept. 1966. Univ. of Georgia College of Agr., Athens, Ga.
2. "Demand for Farm Tractors in the United States--A Regression Analysis," by Austin Fox, U.S. Dept. of Agr., Econ. Res. Ser., AER-103, Nov. 1966.
3. "Price Wars in City Milk Markets," by Edmond S. Harris, U.S. Dept. of Agr., Econ. Res. Ser., AER-100, Oct. 1966.
4. "Spinning Quality of Cotton As Affected by Gin Cleaning, Card Crusher Rolls, and Varying Carding Rates, Mississippi, 1965-66 Season," by Preston E. LaFarney, Robert A. Mullikin, and Charles S. Shaw, U.S. Dept. Agr., Econ. Res. Ser. and Agr. Res. Ser., MRR-778, Dec. 1966.
5. "The Farm Food Marketing Bill and Its Components," by Hazen F. Gale, U.S. Dept. Agr., Econ. Res. Ser., AER-105, Jan. 1967.

: Unless otherwise indicated, items listed are Economic Research :
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Table 12.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1966

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,103.30	---	---	425.01	678.29	39
Meat products			322.73	---	---	163.20	159.53	51
Dairy products			198.78	---	---	94.66	104.12	48
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	92.69	---	---	52.66	40.03	57
Bakery and cereal products 3/	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61							
All ingredients			171.41	---	---	36.82	134.59	21
Grain			---	34.66	6.21	28.45	---	17
All fruits and vegetables			229.55	---	---	57.26	172.29	25
Fresh fruits and vegetables			110.62	---	---	34.20	76.42	31
Fresh fruits			44.51	---	---	12.88	31.63	29
Fresh vegetables			66.11	---	---	21.32	44.79	32
Processed fruits and vegetables			1960-61	---	---	23.06	95.87	19
Fats and oils			40.18	---	---	11.54	28.64	29
Miscellaneous products			47.96	---	---	8.87	39.09	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	83.9	52.6	5.4	47.2	36.7	56
Lamb, Choice grade	2.37 lb. lamb	Pound	86.0	51.7	6.4	45.3	40.7	53
Pork	2.00 lb. hogs	Pound	70.2	40.9	5.5	35.4	34.8	50
Butter	Cream and whole milk	Pound	87.1	---	---	62.0	25.1	71
Cheese, American process	Milk for American cheese	1/2 pound	44.8	---	---	19.5	25.3	44
Ice cream	Cream, milk, and sugar	1/2 gallon	83.4	---	---	26.2	57.2	31
Milk, evaporated	Milk for evaporating	14 1/2-ounce can	16.8	---	---	7.9	8.9	47
Milk, fresh								
Home delivered	4.39 lb. Class I milk	1/2 gallon	57.5	---	---	25.7	31.8	45
Sold in stores	4.39 lb. Class I milk	1/2 gallon	51.9	---	---	25.7	26.2	50
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	38.6	---	---	17.7	20.9	46
Eggs, Grade A large	1.03 dozen	Dozen	63.4	---	---	42.4	21.0	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	22.9	---	---	3.7	19.2	16
Wheat .....	.877 lb. wheat	Pound	---	3.4	.4	3.0	---	13
Bread, whole or cracked wheat .....	.708 lb. wheat	Pound	29.7	---	---	3.5	26.2	12
Cookies, sandwich .....	.528 lb. wheat	Pound	52.3	---	---	4.6	47.7	9
Corn flakes	2.87 lb. yellow corn	12 ounces	30.6	4/6.8	4/3.9	4/2.9	27.7	9
Flour, white	6.8 lb. wheat	5 pounds	61.4	26.8	3.6	23.2	38.2	38
Apples	1.04 lb. apples	Pound	17.2	---	---	5.7	11.5	33
Grapefruit	1.03 grapefruit	Each	15.1	---	---	2.3	12.8	15
Lemons	1.04 lb. lemons	Pound	24.8	---	---	6.6	18.2	27
Oranges	1.03 doz. oranges	Dozen	88.1	---	---	20.7	67.4	23
Cabbage	1.08 lb. cabbage	Pound	12.2	---	---	4.4	7.8	36
Carrots	1.03 lb. carrots	Pound	15.2	---	---	4.9	10.3	32
Celery	1.08 lb. celery	Pound	15.2	---	---	4.5	10.7	30
Cucumbers	1.09 lb. cucumbers	Pound	20.1	---	---	7.5	12.6	37
Lettuce	1.88 lb. lettuce	Head	26.9	---	---	8.4	18.5	31
Onions	1.06 lb. onions	Pound	13.1	---	---	4.8	8.3	37
Peppers, green	1.09 lb. peppers	Pound	33.0	---	---	11.3	21.7	34
Potatoes	10.42 lb. potatoes	10 pounds	73.0	---	---	21.1	51.9	29
Spinach .....	.71 lb. spinach	10 ounces	29.4	---	---	6.3	23.1	21
Tomatoes	1.18 lb. tomatoes	Pound	34.1	---	---	13.0	21.1	38
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2 1/2 can	32.3	---	---	5.4	26.9	17
Pears, canned	1.85 lb. pears for canning	No. 2 1/2 can	45.2	---	---	7.2	38.0	16
Beets, canned	1.24 lb. beets for canning	No. 303 can	17.4	---	---	1.2	16.2	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	22.5	---	---	2.7	19.8	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	28.7	---	---	3.7	25.0	15
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	18.2	---	---	3.3	14.9	18
Orange juice, concentrate, frozen ..	3.42 lb. oranges	6-ounce can	23.2	---	---	8.6	14.6	37
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	15.7	---	---	2.4	13.3	15
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.5	---	---	3.5	17.0	17
Beans, navy	1.00 lb. Mich. dry beans	Pound	19.2	---	---	6.1	13.1	32
Margarine	Soybeans, cottonseed, and milk	Pound	29.5	---	---	8.4	21.1	28
Peanut butter	1.33 lb. peanuts	12-ounce jar	44.9	---	---	14.9	30.0	33
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	40.4	---	---	9.4	31.0	23
Vegetable shortening	Soybeans and cottonseed	3 pounds	92.6	---	---	30.0	62.6	32
Sugar	Sugar beets and cane	5 pounds	60.9	23.2	1.4	5/21.8	5/39.1	36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15 1/2-ounce can	16.1	---	---	2.1	14.0	13

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

4/ Based on market price of corn received by farmer; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.6 cents, farm-retail spread adjusted for Government processor tax was 36.4 cents, farmer's share of retail cost based on adjusted farm value was 42 percent.

Table 13.--Farm food products: Retail cost and farm value, October-December 1966, July-September 1966, October-December 1965, and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		Oct.-Dec. 1966		July-Sept. 1966		Oct.-Dec. 1965		1957-59 average		Percentage change from Oct.-Dec. 1966		Percentage change from July-Sept. 1966	
		Oct.-Dec. 1966		July-Sept. 1966		Oct.-Dec. 1965		1957-59 average		Oct.-Dec. 1966		Oct.-Dec. 1966	
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars
Market basket		1103.30	1112.46	3/1051.47	982.65	-1	5			425.01	452.99	424.29	387.87
Meat products		322.73	330.24	3/318.80	285.05	-2	1			163.20	182.62	178.00	154.47
Dairy products		198.78	193.87	3/179.98	173.33	3	10			94.66	93.38	82.68	77.85
Poultry and eggs		92.69	93.77	89.72	93.02	-1	3			52.66	54.28	52.50	56.28
Bakery and cereal products 5/													
All ingredients	Average quantities purchased per urban wage-earner and	171.41	168.41	161.01	148.40	2	6			36.82	39.08	33.43	30.55
Grain	clerical-worker	---	---	---	---	---	---			28.45	30.37	26.24	23.40
All fruits and vegetables	household	229.55	239.48	218.07	202.96	-4	5			57.26	61.59	58.39	50.05
Fresh fruits and vegetables ..	in	110.62	119.86	102.28	91.15	-8	8			34.20	38.04	31.90	28.70
Fresh fruits	1960-61	44.51	50.34	40.26	36.26	-12	11			12.88	14.81	12.41	12.26
Fresh vegetables		66.11	69.52	62.02	54.89	-5	7			21.32	23.22	19.49	16.44
Processed fruits and vegetables		118.93	119.62	115.79	111.81	-1	3			23.06	23.56	26.49	21.35
Fats and oils		40.18	39.22	37.50	37.56	2	7			11.54	13.13	10.68	11.19
Miscellaneous products		47.96	47.47	46.39	42.33	1	3			8.87	8.91	8.61	7.48
		Cents	Cents	Cents	Cents	Percent	Percent			Cents	Cents	Cents	Cents
Beef, Choice grade	Pound	83.9	84.4	82.9	78.1	-1	1			47.2	49.1	46.9	48.3
Lamb, Choice grade	Pound	86.0	86.9	80.4	70.0	-1	7			45.3	45.1	45.7	40.2
Pork	Pound	70.2	73.6	70.7	60.5	-5	-1			35.4	43.0	43.7	31.0
Butter	Pound	87.1	85.1	76.6	73.2	2	14			62.0	65.4	56.3	52.6
Cheese, American process	1/2 pound	44.8	43.0	37.9	32.3	4	18			19.5	19.8	16.1	14.2
Ice cream	gallon	83.4	82.0	78.0	84.2	2	7			26.2	26.8	22.8	23.4
Milk, evaporated	14 1/2-ounce can	16.8	16.2	15.2	14.5	4	11			7.9	8.0	6.7	6.2
Milk, fresh	gallon	57.5	56.4	53.1	50.8	2	8			25.7	24.5	22.6	21.9
Home delivered	1/2 gallon	51.9	50.7	47.6	46.6	2	9			25.7	24.5	22.6	21.9
Sold in stores													
Chickens, frying, ready-to-cook ..	Pound	38.6	42.1	38.5	43.5	-8	4/6			17.7	21.2	19.8	24.4
Eggs, Grade A large	Dozen	63.4	59.7	59.8	56.2	6	6			42.4	39.6	39.2	36.1
Bread, white													
All ingredients	Pound	22.9	22.5	20.9	18.5	2	10			3.7	4.0	3.4	3.0
Wheat	Pound	---	---	---	---	---	---			3.0	3.2	2.7	2.4
Bread, whole or cracked wheat ..	Pound	29.7	29.2	27.2	---	2	9			3.5	3.7	3.1	---
Cookies, sandwich	Pound	52.3	51.3	50.4	---	2	4			4.6	4.9	4.2	---
Corn flakes	12 ounces	30.6	30.2	28.8	24.5	1	6			2.9	2.9	2.4	2.4
Flour, white	5 pounds	61.4	59.5	57.9	53.3	3	6			23.2	25.2	21.5	18.8
Apples	Pound	17.2	23.3	15.5	16.1	-26	11			5.7	6.2	5.8	4.7
Grapefruit	Each	15.1	17.5	13.5	10.7	-14	12			2.3	5.2	2.6	2.7
Lemons	Pound	24.8	24.1	22.9	18.4	3	8			6.6	7.1	5.9	4.2
Oranges	Dozen	88.1	83.7	81.0	66.0	5	9			20.7	21.7	18.6	23.2
Cabbage	Pound	12.2	12.0	8.8	8.7	2	39			4.4	4.3	2.4	2.4
Carrots	Pound	15.2	17.2	14.9	14.5	-12	2			4.9	5.6	4.6	3.7
Celery	Pound	15.2	18.4	15.7	15.3	-17	-3			4.5	6.9	5.1	4.4
Cucumbers	Pound	20.1	20.0	19.0	---	4/	6			7.5	7.0	6.0	---
Lettuce	Head	26.9	28.4	26.7	22.6	-5	1			8.4	10.6	8.8	6.0
Onions	Pound	13.1	14.9	10.4	10.1	-12	26			4.8	5.5	2.3	3.4
Peppers, green	Pound	33.0	33.1	30.4	---	4/	9			11.3	11.8	12.5	---
Potatoes	10 pounds	73.0	77.1	67.2	58.3	-5	9			21.1	21.4	20.0	17.8
Spinach	10 ounces	29.4	30.3	29.4	---	-3	0			6.3	8.1	6.3	---
Tomatoes	Pound	34.1	32.3	35.4	30.1	6	-4			13.0	11.7	13.0	10.6
Peaches, canned	No. 2 1/2 can	32.3	34.7	31.6	34.3	-7	2			5.4	5.4	5.5	6.1
Pears, canned	No. 2 1/2 can	45.2	47.8	50.6	---	-5	-11			7.2	9.7	12.3	---
Beets, canned	No. 303 can	17.4	17.5	16.7	---	-1	4			1.2	1.2	1.1	---
Corn, canned	No. 303 can	22.5	22.4	20.3	17.8	4/	11			2.7	2.7	2.4	0
Peas, canned	No. 303 can	24.7	24.2	24.0	21.0	2	3			3.7	3.7	3.4	3.1
Tomatoes, canned	No. 303 can	18.2	17.9	16.5	15.6	2	10			3.3	3.4	3.4	2.3
Orange juice, concentrate, frozen	6-ounce can	23.2	23.1	21.6	23.4	4/	7			8.6	8.6	9.7	8.2
French fried potatoes, frozen	9 ounces	15.7	15.8	16.3	---	-1	-4			2.4	2.5	3.8	---
Peas, frozen	10 ounces	20.5	20.0	3/19.9	19.9	2	3			3.5	3.5	3.5	3.2
Beans, navy	Pound	19.2	19.9	18.6	16.3	-4	3			6.1	6.8	8.6	6.9
Margarine	Pound	29.5	28.8	27.8	27.4	2	6			8.4	9.9	7.7	7.8
Peanut butter	12-ounce jar	44.9	45.1	44.9	41.4	4/	0			14.9	15.0	15.2	14.1
Salad and cooking oil	Pint	40.4	39.2	35.5	---	3	14			9.4	10.7	8.4	---
Vegetable shortening	3 pounds	92.6	89.8	87.1	90.4	3	6			30.0	34.8	27.3	28.2
Sugar	5 pounds	60.9	60.3	59.1	54.5	1	3			21.8	21.6	21.4	20.2
Spaghetti with sauce, canned	15 1/2-ounce can	16.1	15.8	15.2	---	2	3			2.1	2.2	2.0	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most farm value figures for July-September 1966 and October-December 1965 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products the net farm value is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

Table 14.--Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1966, July-September 1966, October-December 1965, and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/						Farmer's share			
		Oct.-Dec. 1966	July-Sept. 1966	Oct.-Dec. 1965	1957-59 average	Percentage change from:		Oct.-Dec. 1966	July-Sept. 1966	Oct.-Dec. 1965	1957-59 average
						July-Sept. 1966	Oct.-Dec. 1966				
						Sept. 1966	Dec. 1966				
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		678.29	659.47	627.18	594.78	3	8	39	41	40	39
Meat products		159.53	147.62	140.80	130.58	8	13	51	55	56	54
Dairy products	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	104.12	100.49	97.30	95.48	4	7	48	48	46	45
Poultry and eggs		40.03	39.49	37.22	36.74	1	8	57	58	59	61
Bakery and cereal products 4/		134.59	129.33	127.58	117.85	4	5	21	23	21	21
All ingredients		---	---	---	---	---	---	17	18	16	16
Grain		---	---	---	---	---	---	---	---	---	---
All fruits and vegetables		172.29	177.89	159.68	152.91	-3	8	25	26	3/27	25
Fresh fruits and vegetables ..		76.42	81.82	70.38	62.45	-7	9	31	32	31	31
Fresh fruits		31.63	35.53	27.85	24.00	-11	14	29	29	3/31	34
Fresh vegetables		44.79	46.30	42.53	38.45	-3	5	32	33	31	30
Processed fruits and vegetables		95.87	96.05	89.30	90.46	5/	7	19	20	23	19
Fats and oils		28.64	26.09	26.82	26.37	10	7	29	33	3/28	30
Miscellaneous products		39.09	38.56	37.78	34.85	1	3	18	19	3/19	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	36.7	35.3	36.0	29.8	4	2	56	58	57	62
Lamb, Choice grade	Pound	40.7	41.8	34.7	29.8	-3	17	53	52	57	57
Pork	Pound	34.8	30.6	27.0	29.5	14	29	50	58	62	51
Butter	Pound	25.1	19.7	20.3	20.6	27	24	71	77	73	72
Cheese, American process	1/2 pound	25.3	23.2	21.8	18.1	9	16	44	46	42	44
Ice cream	1/2 gallon	57.2	55.2	55.2	60.8	4	4	31	33	3/29	28
Milk, evaporated	1 1/2-ounce can	8.9	8.2	8.5	8.3	9	5	47	3/49	44	43
Milk, fresh	1/2 gallon	31.8	31.9	30.5	28.9	5/	4	45	43	43	43
Home delivered	1/2 gallon	26.2	26.2	25.0	24.7	0	5	50	48	47	47
Sold in stores											
Chickens, frying, ready-to-cook ..	Pound	20.9	20.9	18.7	19.1	0	12	46	50	3/51	56
Eggs, Grade A large	Dozen	21.0	20.1	20.6	20.1	4	2	67	66	66	64
Bread, white											
All ingredients	Pound	19.2	18.5	17.5	15.5	4	10	16	18	16	16
Wheat	Pound	---	---	---	---	---	---	13	14	13	13
Bread, whole or cracked wheat	Pound	26.2	25.5	24.1	---	3	9	12	13	11	---
Cookies, sandwich	Pound	47.7	46.4	46.2	---	3	3	9	10	8	---
Corn flakes	12 ounces	27.7	27.3	26.4	22.1	1	5	9	10	8	10
Flour, white	5 pounds	38.2	34.3	36.4	34.5	11	5	38	42	37	35
Apples	Pound	11.5	17.1	9.7	11.4	-33	19	33	27	3/37	29
Grapefruit	Each	12.8	12.3	10.9	8.0	4	17	15	30	19	25
Lemons	Pound	18.2	17.0	17.0	14.2	7	7	27	29	26	23
Oranges	Dozen	67.4	62.0	62.4	42.8	9	8	23	26	23	35
Cabbage	Pound	7.8	7.7	6.4	6.3	1	22	36	36	27	28
Carrots	Pound	10.3	11.6	10.3	10.8	-11	0	32	33	31	26
Celery	Pound	10.7	11.5	10.6	10.9	-7	1	30	38	32	29
Cucumbers	Pound	12.6	13.0	13.0	---	-3	-3	37	35	32	---
Lettuce	Head	18.5	17.8	17.9	16.6	4	3	31	3/37	33	27
Onions	Pound	8.3	9.4	8.1	6.7	-12	2	37	37	22	34
Peppers, green	Pound	21.7	21.3	17.9	---	2	21	34	36	41	---
Potatoes	10 pounds	51.9	55.7	47.2	40.5	-7	10	29	28	3/30	31
Spinach	10 ounces	23.1	22.2	23.1	---	4	0	21	27	21	---
Tomatoes	Pound	21.1	20.6	22.4	19.5	2	-6	38	36	3/37	35
Peaches, canned	No. 2 1/2 can	26.9	29.3	26.1	28.2	-8	3	17	3/16	17	18
Pears, canned	No. 2 1/2 can	38.0	38.1	38.3	---	5/	-1	16	20	24	---
Beets, canned	No. 303 can	16.2	16.3	15.6	---	-1	4	7	7	7	---
Corn, canned	No. 303 can	19.8	19.7	17.6	15.4	1	12	12	12	13	13
Peas, canned	No. 303 can	21.0	20.5	20.6	17.9	2	2	15	3/15	14	15
Tomatoes, canned	No. 303 can	14.9	14.5	13.1	13.3	3	14	18	3/19	21	15
Orange juice, concentrate, frozen	6-ounce can	14.6	14.5	11.9	15.2	1	23	37	37	45	35
French fried potatoes, frozen	9 ounces	13.3	13.3	12.5	---	0	6	15	16	23	---
Peas, frozen	10 ounces	17.0	16.5	16.4	16.7	3	4	17	18	18	16
Beans, navy	Pound	13.1	13.1	10.0	9.4	0	31	32	34	46	42
Margarine	Pound	21.1	18.9	20.1	19.6	12	5	28	34	28	28
Peanut butter	12-ounce jar	30.0	30.1	29.7	27.3	5/	1	33	33	34	34
Salad and cooking oil	Pint	31.0	28.5	27.1	---	9	14	23	27	24	---
Vegetable shortening	3 pounds	62.6	55.0	59.8	62.2	14	5	32	39	3/31	31
Sugar	5 pounds	39.1	38.7	37.7	34.3	1	4	36	36	36	37
Spaghetti with sauce, canned	15 1/2-ounce can	14.0	13.6	13.2	---	3	6	13	14	13	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread figures for July-September 1966 and October-December 1965 have been revised; figures in other columns revised as indicated.

4/ For the bakery products group and the individual wheat products, the farmers' share is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

5/ Less than 0.5 percent

Table 15.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1965

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,041.21	---	---	408.40	632.81	39
Meat products			303.23	---	---	163.50	139.73	54
Dairy products			178.99	---	---	79.82	99.17	45
Poultry and eggs			85.08	---	---	48.32	36.76	57
Bakery and cereal products 3/								
All ingredients	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	160.84	---	---	33.05	127.79	21
Grain			---	31.06	5.6	25.80	---	16
All fruits and vegetables			229.34	---	---	63.85	165.49	28
Fresh fruits and vegetables			112.85	---	---	37.63	75.22	33
Fresh fruits			42.26	---	---	12.94	29.32	31
Fresh vegetables			70.59	---	---	24.69	45.90	35
Processed fruits and vegetables			116.49	---	---	26.22	90.27	23
Fats and oils			37.49	---	---	11.46	26.03	31
Miscellaneous products			46.24	---	---	8.40	37.84	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	81.6	51.6	4.8	46.8	34.8	57
Lamb, Choice grade	2.35 lb. lamb	Pound	79.5	53.4	7.9	45.4	34.1	57
Pork	2.00 lb. hogs	Pound	64.2	42.1	5.5	36.6	27.6	57
Butter	Cream and whole milk	Pound	75.4	---	---	54.5	20.9	72
Cheese, American process	Milk for American cheese	$\frac{1}{2}$ pound	37.7	---	---	15.4	22.3	41
Ice cream	Cream, milk, and sugar	$\frac{1}{2}$ gallon	78.7	---	---	22.1	56.6	28
Milk, evaporated	Milk for evaporating	$1\frac{1}{2}$ -ounce can	15.2	---	---	6.5	8.7	43
Milk, fresh								
Home delivered	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	52.6	---	---	21.8	30.8	41
Sold in stores	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	47.2	---	---	21.8	25.4	46
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	39.0	---	---	20.6	18.4	53
Eggs, Grade A large	1.03 dozen	Dozen	52.7	---	---	32.2	20.5	61
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.9	---	---	3.3	17.6	16
Wheat .....	.877 lb. wheat	Pound	---	3.0	.3	2.7	---	13
Bread, whole or cracked wheat .....	.708 lb. wheat	Pound	26.9	---	---	3.0	23.9	11
Cookies, sandwich .....	.528 lb. wheat	Pound	50.7	---	---	4.2	46.5	8
Corn flakes	2.87 lb. yellow corn	12 ounces	28.9	4/6.2	4/3.6	4/2.6	26.3	9
Flour, white	6.8 lb. wheat	5 pounds	58.1	23.6	2.7	20.9	37.2	36
Apples	1.04 lb. apples	Pound	17.7	---	---	5.6	12.1	32
Grapefruit	1.03 grapefruit	Each	14.1	---	---	3.0	11.1	21
Lemons	1.04 lb. lemons	Pound	23.6	---	---	6.0	17.6	25
Oranges	1.03 doz. oranges	Dozen	77.8	---	---	21.0	6.8	27
Cabbage	1.08 lb. cabbage	Pound	10.4	---	---	3.1	7.3	30
Carrots	1.03 lb. carrots	Pound	15.3	---	---	4.6	10.7	30
Celery	1.08 lb. celery	Pound	15.6	---	---	4.9	10.7	31
Cucumbers	1.09 lb. cucumbers	Pound	22.0	---	---	7.0	15.0	32
Lettuce	1.88 lb. lettuce	Head	25.5	---	---	8.8	16.7	35
Onions	1.06 lb. onions	Pound	11.9	---	---	3.7	8.2	31
Peppers, green	1.09 lb. peppers	Pound	34.2	---	---	11.8	22.4	35
Potatoes	10.42 lb. potatoes	10 pounds	93.7	---	---	36.9	56.8	39
Spinach .....	.71 lb. spinach	10 ounces	29.1	---	---	6.2	22.9	21
Tomatoes	1.18 lb. tomatoes	Pound	34.2	---	---	12.0	22.2	35
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2 $\frac{1}{2}$ can	31.9	---	---	5.2	26.7	16
Pears, canned	1.85 lb. pears for canning	No. 2 $\frac{1}{2}$ can	47.0	---	---	9.7	37.3	21
Beets, canned	1.24 lb. beets for canning	No. 303 can	16.6	---	---	1.2	15.4	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	20.0	---	---	2.6	17.4	13
Peas, canned .....	.69 lb. peas for canning	No. 303 can	23.7	---	---	3.4	20.3	14
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	16.2	---	---	3.0	13.2	19
Orange juice, concentrate, frozen ..	2.63 lb. oranges	6-ounce can	23.7	---	---	9.5	14.2	40
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	17.0	---	---	4.7	12.3	28
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.4	---	---	3.5	16.9	17
Beans, navy	1.00 lb. Mich. dry beans	Pound	17.6	---	---	7.0	10.6	40
Margarine	Soybeans, cottonseed, and milk	Pound	27.9	---	---	8.5	19.4	30
Peanut butter	1.33 lb. peanuts	12-ounce jar	44.9	---	---	15.3	29.6	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	34.9	---	---	9.0	25.9	26
Vegetable shortening	Soybeans and cottonseed	3 pounds	87.9	---	---	29.6	58.3	34
Sugar	Sugar beets and cane	5 pounds	59.0	22.5	1.3	5/21.2	5/37.8	5/36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15 $\frac{1}{2}$ -ounce can	15.1	---	---	1.9	13.2	13

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery products group and the individual wheat products, gross farm value, by product allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 24.9 cents, farm-retail spread adjusted for Government processor tax was 35.1 cents, and farmer's share of retail cost based on adjusted farm value was 42 percent.

Table 16.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1966

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,100.37	---	---	442.47	657.90	40
Meat products			330.71	---	---	180.31	150.40	55
Dairy products			190.32	---	---	89.58	100.74	47
Poultry and eggs			92.94	---	---	53.93	39.01	58
Bakery and cereal products 3/								
All ingredients	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	166.98	---	---	36.58	130.40	22
Crain		---	---	33.99	5.70	28.29	---	17
All fruits and vegetables		---	232.88	---	---	61.13	171.75	26
Fresh fruits and vegetables		clerical-worker	113.92	---	---	37.27	76.65	33
Fresh fruits		household	44.99	---	---	14.05	30.94	31
Fresh vegetables		in	68.93	---	---	23.22	45.71	34
Processed fruits and vegetables		1960-61	118.96	---	---	23.86	95.10	20
Fats and oils			39.06	---	---	12.12	26.94	31
Miscellaneous products			47.48	---	---	8.82	38.66	19
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	84.6	55.6	6.0	49.6	35.0	59
Lamb, Choice grade	2.35 lb. lamb	Pound	86.4	55.4	8.4	47.0	39.4	54
Pork	2.00 lb. hogs	Pound	73.6	47.5	6.4	41.1	32.5	56
Butter	Cream and whole milk	Pound	82.2	---	---	60.7	21.5	74
Cheese, American process	Milk for American cheese	$\frac{1}{2}$ pound	42.2	---	---	18.7	23.5	44
Ice cream	Cream, milk, and sugar	$\frac{1}{2}$ gallon	80.6	---	---	25.3	55.3	31
Milk, evaporated	Milk for evaporating	$1\frac{1}{2}$ -ounce can	16.0	---	---	7.7	8.3	48
Milk, fresh								
Home delivered	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	55.5	---	---	23.9	31.6	43
Sold in stores	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	49.8	---	---	23.9	25.9	48
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	41.2	---	---	21.0	20.2	51
Eggs, Crade A large	1.03 dozen	Dozen	59.9	---	---	39.2	20.7	65
Bread, white								
All ingredients	Wheat and other ingredients	Pound	22.2	---	---	3.7	18.5	17
Wheat .....	.877 lb. wheat	Pound	---	3.4	.4	3.0	---	14
Bread, whole or cracked wheat .....	.708 lb. wheat	Pound	28.7	---	---	3.4	25.3	12
Cookies, sandwich .....	.528 lb. wheat	Pound	51.2	---	---	4.6	46.6	9
Corn flakes	2.87 lb. yellow corn	12 ounces	29.8	$\frac{1}{2}$ 6.6	$\frac{1}{2}$ 3.8	$\frac{1}{2}$ 2.8	27.0	9
Flour, white	6.8 lb. wheat	5 pounds	59.4	26.2	3.0	23.2	36.2	39
Apples	1.04 lb. apples	Pound	19.5	---	---	6.9	12.6	35
Crapefruit	1.03 grapefruit	Each	15.0	---	---	3.4	11.6	23
Lemons	1.04 lb. lemons	Pound	23.9	---	---	6.5	17.4	27
Oranges	1.03 doz. oranges	Dozen	79.9	---	---	18.9	61.0	24
Cabbage	1.08 lb. cabbage	Pound	12.3	---	---	4.0	8.3	33
Carrots	1.03 lb. carrots	Pound	16.6	---	---	5.8	10.8	35
Celery	1.08 lb. celery	Pound	16.8	---	---	5.8	11.0	35
Cucumbers	1.09 lb. cucumbers	Pound	24.8	---	---	8.4	16.4	34
Lettuce	1.88 lb. lettuce	Head	27.6	---	---	10.2	17.4	37
Onions	1.06 lb. onions	Pound	12.9	---	---	5.0	7.9	39
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Potatoes	10.42 lb. potatoes	10 pounds	74.9	---	---	22.3	52.6	30
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Tomatoes	1.18 lb. tomatoes	Pound	34.8	---	---	12.6	22.2	36
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Pears, canned	1.85 lb. pears for canning	No. 2 $\frac{1}{2}$ can	48.6	---	---	10.4	38.2	21
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Orange juice, concentrate, frozen ..	3.10 lb. oranges	6-ounce can	22.5	---	---	9.0	13.5	40
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	15.8	---	---	2.4	13.4	15
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.0	---	---	3.5	16.5	18
Beans, navy	1.00 lb. Mich. dry beans	Pound	19.8	---	---	7.3	12.5	37
Margarine	Soybeans, cottonseed, and milk	Pound	28.7	---	---	9.0	19.7	31
Peanut butter	1.33 lb. peanuts	12-ounce jar	45.0	---	---	15.2	29.8	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	38.6	---	---	9.8	28.8	25
Vegetable shortening	Soybeans and cottonseed	3 pounds	90.0	---	---	31.7	58.3	35
Sugar	Sugar beets and cane	5 pounds	60.2	23.0	1.4	5/21.6	5/38.6	5/36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15 $\frac{1}{2}$ -ounce can	15.8	---	---	2.1	13.7	13

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4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.5 cents, farm-retail spread adjusted for Government processor tax was 35.9 cents, and farmer's share of retail cost based on adjusted farm value was 42 percent.

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